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Mercosur Opens Consultative Forum 8 Sep

PY2209135395 Montevideo EL PAIS in Spanish 9 Sep 95 p 9

[FBIS Translated Text] The Mercosur [Common Market of the South] Economic and Social Consultative Forum, created at the initiative of the Congress, has been installed. The Superior Entrepreneurial Council and the PIT-CNT [Interunion Workers Plenum-National Workers Convention] are participating.

The installation ceremony took place at the Legislative Palace Parties Hall yesterday [8 Sep]. It was convened by the Mercosur Joint Legislative Commission presided over by Batlleist Forum [Colorado Party faction] Senator Luis Hierro Lopez.

The Consultative Forum is an organ created by the Ouro Preto Protocol at the initiative of Uruguayan entrepreneurs and workers with the purpose of "broadening the community's base and giving productive and social sectors a chance to be represented at the highest Mercosur decisionmaking levels, where they can present their proposals at a time when our economies are going through hard times," the Colorado Party senator said.

"Integration must be complete — not just a problem of tariffs, commerce, and the struggle of different interests. Integration must contemplate cultural, political, and social, as well as economic, aspects, and this is a good beginning to strengthen the regional integration process," Hierro Lopez said. Alfonso Varela, president of the National Chamber of Commerce and an entrepreneurial delegate, said: "It is very important to have an official space for the discussion of proposals that can be submitted to Mercosur decisionmaking organs and Uruguayan negotiators."

Alvaro Padron, PIT-CNT representative to the Consultative Forum provisional organ, said this is the realization of "a labor movement aspiration that has existed since the Asuncion Treaty was created. We will try to reach a regional agreement so that official policies contemplate an indispensable agenda of Mercosur social aspects such as employment, professional training, workers' rights, and proposals made by private entrepreneurs."

The labor leader emphasized that this institutional participation of workers and entrepreneurs democratizes the integration process "because it incorporates each country's democratic participant to the region." [sentence as published]

Delegates to the Consultative Forum had previously met with members of the Mercosur Legislative Commission headed by Senator Luis Hierro Lopez at the Ministers Hall of the Senate.

Those attending the meeting discussed common policies, as well as coordinating tasks in the domain of regional integration.

Mercosur, EU Agree on Technological Cooperation

PY2209125895 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 22 Sep 95

[FBIS Translated Text] The EU and Mercosur [Common Market of the South] will develop a technological cooperation project. (Hammond Handlermas), coordinator of the information technology program of the European Community, has said that the development of closer ties between the two economic blocs can permit Mercosur countries to benefit from EU experience in technological cooperation programs.

The master program, coordinated by the EU Commission, is one of the cooperation programs.

(Handlermas), who is attending the Latin American Subcontractors' Fair in Caxias do Sul, 130 km from Porto Alegre, said that the essential objective of the master program is to support industry and improve its competitiveness.

In addition to the experience to be gained by each member of the Mercosur bloc — Brazil, Argentina, Uruguay, and Paraguay — those countries may benefit from projects for promoting cooperation and exchange between two different technological cultures.

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Cuba

Robaina To Address UN General Assembly

PA2409144795 Havana Radio Havana Cuba in Spanish 1300 GMT 24 Sep 95

[From the "Morning Information Review" newscast]

[FBIS Translated Text] Foreign Minister Roberto Robaina has flown to New York City, where Monday [25 September] he will address the 50th session of the UN General Assembly. Robaina will remain in that U.S. city for about a week and will meet with diplomats and ministers of other countries, as well as with members of the Cuban permanent mission to the United Nations. Robaina is scheduled to meet with solidarity groups and hold talks with U.S. personalities and businessmen. In addition, he will meet with Cuban emigres living in the United States. Before flying to New York, the foreign minister stated that Cuba's voice will be heard — this time — at the highest international forum and will reflect on the world that looms ahead, 50 years after the creation of the United Nations. The Cuban delegation will again condemn the U.S. policy of harassment and blockade against Cuba, Robaina said.

U.S. Embargo of Cuba on Agenda

PA2509043595 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 25 Sep 95

[From the "NTV Newscast"]

[FBIS Translated Text] Cuba will address the UN General Assembly [UNGA] on 25 September, at the opening of a session to commemorate the UN's 50th anniversary. The agenda of the current period of sessions consists of 164 subjects, including the U.S. embargo against the island. The debates will last until 12 October. This year, the UNGA sessions will be complemented by the world summit of heads of state, which will be held from 22-24 October.

Foreign Minister Robaina left for New York this morning heading the Cuban delegation. At the airport, he was interviewed by reporter Froilan Arencibia:

[Begin recording] [Arencibia] Mr. Minister, is there any special reason for this trip to the United Nations, or is it just a diplomatic routine?

[Robaina] I think there are always special reasons in addition to a diplomatic routine. In particular, I would say this trip becomes special for a number of reasons. The United Nations is commemorating its 50th anniversary. It is special for us, but perhaps not for the reasons some people think. Some people think these are just activities to commemorate the UN's 50th anniversary. I once heard [words indistinct] say that to commemorate did not just mean to celebrate, but to remember. For the Cuban people, to remember means to ponder whether nations are truly united after 50 years, and whether it is logical and normal for the powerful veto not to be distributed more equitably.

I think there are many things we should revise. In particular, Cuba cannot afford to waste an international scenario such as this to report, in this same arena and territory, what the U.S. Government intends to do with the Helms-Burton bill, now that the first stage is over.

[Arencibia] You will speak before the United Nations tomorrow. Can you give us some idea of the speech?

[Robaina] I do not think this will be a surprise speech. We do not intend to surprise anyone. What I intend to present at the United Nations is the Cuban people's will and effort to resist and the resistance we have demonstrated for the world. I think that to appear before the United Nations smack in the middle of 1995 — when, against all predictions, Cuba has survived and continues to exist and to live — is a good example of what we have been capable of doing and what our people have been capable of. [Words indistinct] I think we have the advantage of appearing before the United Nations [words indistinct], but there still remain many things to be done. Many people thought we could not resist [words indistinct]. [end recording]

Cuba Reports on 'Discriminatory Measures' of U.S.

PA2309014095 Havana PRENSA LATINA in Spanish 2351 GMT 22 Sep 95

[FBIS Translated Text] United Nations, 22 Sep (PL) — Cuba today reported the discriminatory measures that the United States has applied to the movement of Cuban diplomatic personnel, measures that seriously hampered Cuba's participation in the commemoration of the 50th anniversary of the signing of the UN Charter last June.

Pedro Nunez Mosquera, Cuba's alternate permanent representative, today spoke before the UN committee for relations with the host country to present evidence of the obstacles raised by U.S. authorities against Cuba's presence at the San Francisco event, which had been organized by the city.

He said it is contradictory for U.S. authorities to keep enforcing discriminatory and restrictive measures against the diplomatic personnel of other countries while attempts are made at the United Nations to make people believe confrontation has ended and understanding is being promoted, while the goodness of a concerted effort is being praised, and while the end of the Cold War is proclaimed.

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He went on to say that the illegality is even greater because attempts are made to hamper the participation, in the events to commemorate the 50th anniversary of the UN Charter, of the permanent representative of a country that is also a founding member of the UN.

"Cuba continues to find it unacceptable that the host country claims the right to curtail the normal work of the delegations, including the movement of diplomatic personnel," Nunez Mosquera reported.

Nunez added that he also regards as inadmissible for the U.S. authorities to attempt to determine who can and cannot attend certain events outside the 25—mile limit, and also the fact that the delegations' official communications are answered by phone. At the least, this procedure violates the most fundamental standards of diplomatic procedure and the principle of sovereign equality between states.

He said that the imposition of restrictions to movement outside New York City, as happened in this instance, is also inadmissible.

"If the restrictions within New York City are an unacceptable aberration that affects the delegates' work, the attempt to impose restrictions in other states and cities are an indication of a dictum and arrogance that cannot at all be accepted or permitted," Nunez Mosquera said.

He added: It is the host country's duty to facilitate the work of the diplomatic personnel of other countries. In addition, it is the host country's duty to make sure this is complied with by means of the UN General Assembly's report and recommendations as the most appropriate instrument to demand compliance with this duty with renewed energy.

"Cuba rejects the host country's imposing on it in this respect, and trusts this illegal restrictive measure can soon be lifted. The celebration of the 50th anniversary of our organization could be the appropriate framework for that," he noted.

According to the documents presented before the committee, the Cuban mission sent a note to the United States advising that Bruno Rodriguez Parrilla, Cuba's permanent representative, had been invited by the organizing committee and mayor of San Francisco, given his position as founding member.

At the same time he said Rodriguez will travel accompanied by a diplomatic attache and personal assistant, facilitating all the information required for the occasion.

Only five days later he received a note from the U.S. mission noting technical inadequacies in the request, which were corrected the following day when the respective applications were sent.

The U.S. response, on the telephone, authorized the representative — but not the attache — to travel, and no further explanation was given.

On 22 June, the Cuban mission received a photocopy of the original document sent the U.S. mission, on which the name and personal information on the diplomatic attache had been erased. This was repeated on the 23d. When a clarification was requested, there was no response.

The Cuban mission explained that, although it had already ordered the airline tickets, it received an itinerary from the U.S. mission, which was literally imposed, and at a much higher cost.

Rodriguez Parrilla was given a new copy of his travel request in San Francisco — this time restricting his movements to within a 25-mile radius of the hotel where he was booked by his hosts. This was written in the space where the name and information of the diplomatic attache had been erased.

British Minister Views Trading With Nation

PA2209161895 Havana PRENSA LATINA in Spanish 0751 GMT 21 Sep 95

[By Elsy Fors]

[FBIS Translated Text] Havana, 21 Sep (PL) — British capital will not wait for the lifting of the U.S. blockade to begin negotiations with Cuban authorities, British Science and Technology Minister Ian Taylor has stated.

Taylor, who yesterday concluded a three-day visit to Cuba — his second visit in a year — is today in Jamaica, which is the last phase of his trip to the Caribbean.

Asked about possible complaints and pressures by the U.S. Government against British organizations that trade with Cuba, Taylor recalled that the British Government does not recognize the extraterritoriality of any law.

To this effect — he added — his government will look after the interests of British businessmen via the investment protection agreement signed recently with Cuba and the organizations of the WTO.

The minister's visit left behind a trail of satisfaction due to the signing of a cooperation agreement between the two countries and the prospect of a growing flow of investments toward the island. The document signed on Tuesday by Taylor on behalf of the Commonwealth Development Corporation (CDC) establishes cooperation in the areas of science and technology.

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During the reception offered by the British diplomatic mission in Taylor's honor, President Fidel Castro expressed great satisfaction with the strengthening of economic relations between the two countries. Castro also stressed that Taylor's visit "takes place at the same time as the approval of a new foreign investment law, and demonstrates the interest of the British Government and British companies in investing in Cuba."

Taylor remarked that since his last visit he has observed changes in Cuba, and he predicted a great flow toward Cuba of investments by British companies. The opening of new offices for the British Embassy and the British company Zeneca — which supplies products for agricultural purposes — shows this country's interest in expanding and maintaining long-term projects with Cuba.

Zeneca, Unilever, British Borneo, Permier, and other companies, which currently have successful operations in various sectors of the local economy, were pioneers of this interest in the Cuban market.

Alarcon Begins Official Visit to Jamaica

PA2309013095 Havana PRENSA LATINA in Spanish 1606 GMT 21 Sep 05

[FBIS Translated Text] Havana, 21 Sep (PL) — Ricardo Alarcon, president of the National Assembly of the People's Government, affirmed today that Cuba has very close ties with Jamaica in all aspects, including relations between the two parliaments.

In statements made to local radio from Kingston, Jamaica, Alarcon stressed that since his arrival he has encountered a very friendly atmosphere and much interest in the foreign investment law approved recently approved by the Cuban parliament.

The recent law that we approved has been constantly referred to at all meetings. I managed to bring a text in English, which has been circulating like wildfire in Jamaica, Alarcon said.

Alarcon reiterated that ties with Jamaica are increasing in a number of trade activities, including tourism.

The head of the Cuban parliament last night began an official visit that will end on Saturday. Alarcon is accompanied by Luis Estruch, president of the Provincial Assembly of the People's Government in Santiago de Cuba Province, the second most important province in Cuba.

Ricardo Alarcon said he has arranged a tight schedule of meetings with high-ranking Jamaican officials, including the president of the parliament, the governor general, the minister of foreign affairs and foreign trade, and the leaders of the ruling People's National Party.

Alarcon recalled the existing relationship between the eastern provinces of Guantanamo and Santiago de Cuba with the northern coast of Jamaica, which dates from the past century, and mentioned the statue of Lieutenant General Antonio Macedo, a celebrated patriot of the Cuban independence movement, located in the Park of the Heroes in Kingston.

In August, Cuban President Fidel Castro took part in the 1st Summit of Heads of State and Governments and Representatives of the States, Countries, and Territories of the Association of Caribbean States, which met in Trinidad and Tobago.

The congress, defined as historic by its participants, approved a declaration of principles and a plan of action that emphasizes the strengthening of integration, consultation, and concerted action to develop the Caribbean area.

Alarcon: Jamaican Visit 'Very Positive'

PA2509023795 Havana PRENSA LATINA in Spanish 2138 GMT 23 Sep 95

[FBIS Translated Text] Havana, 23 Sep (PL) — Ricardo Alarcon, president of the National Assembly of the People's Government [ANPP], returned from Jamaica today following a work visit described as very positive. The purpose of the visit was to expand bilateral relations.

Jamaican deputies and government officials were on hand at the Norman Manley Airport on 20 September to welcome the Cuban delegation headed by Ricardo Alarcon. Luis Estruch, president of the Santiago de Cuba Provincial Assembly, was also a member of that delegation.

The mission met with Governor General Sir Howard Cooke; Seymour Mullings, deputy prime minister and foreign minister;, and other top officials, as well as with opposition leaders, including former Prime Minister Edward Seaga.

As part of the visit's schedule, the delegation toured the Jose Marti Technological School, which Cuba built in the 1970's. There, Alarcon spoke to the students about the status on the continent of Cuba's apostle of independence.

Alarcon also met with Cubans working in Jamaica.

Foreign Minister Begins Talks With Mexican Counterpart

PA2209171995 Havana PRENSA LATINA in Spanish 2212 GMT 21 Sep 95

[By Angel E. Pino]

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[FBIS Translated Text] Havana, 21 Sep (PL) — The foreign ministers of Cuba and of Mexico, Roberto Robaina and Jose Angel Gurria, began official talks today in a place not very common place for protocol: a scientific research center.

"We are trying to do everything with as much informality as possible, because what characterizes our relations is not formality but the sincerity that has always prevailed in our bilateral relations," Robaina said during the introduction to the talks.

Gurria, who arrived here Wednesday [20 September] on a two-day official visit at the invitation of his Cuban counterpart, is working on a tight schedule of meetings with high-ranking local authorities.

The official talks, which were held at the Center for Genetic Engineering and Biotechnology, on the outskirts of the capital, included a wide range of topics, such as exchanges in the economic, trade, scientific, cultural, sports, and educational spheres, diplomatic sources indicated.

In a multilateral framework, the foreign ministers reviewed the positions the two countries will bring to the Ibero-American Summit (Bariloche, Argentina), the Nonaligned Movement Meeting (Cartagena, Colombia), and the new period of sessions at the UN General Assembly (New York) — all scheduled for October.

"This visit has a special significance for our country, not only because of its tradition but because it is held in times that are difficult and complex for Cuba," the Cuban foreign minister said.

Robaina contrasted Mexico's solidarity with the "projects, ideas, and plans" that are being debated (in obvious reference to the United States) "to make even more difficult" the situation faced by the Cuban people.

"While this is going on" — said robaina — "relations between Cuba and Mexico continue to make progress through roads that are not limited to talking only about our historical relations, because our countries want to continue enriching that history."

He said Mexico continues to be the country that, in the bilateral sphere, occupies, for Cuba, "the most privileged position, not because of the special attitude it has maintained over the last 35 years," but because of the role it is currently playing in the sphere of trade and economics.

Following the disappearance of the socialist bloc and the collapse of the USSR, this country has become the island's fourth biggest trading partner (behind only Russia, Spain, and Canada), and the biggest in Latin America.

The trade relations between the two nations have amounted to some $200 million so far this year, and in the opinion of Mexican authorities, "there are good possibilities of expanding it, especially within the framework of the island's opening to foreign investment."

In his opening speech, the Cuban foreign minister said it was Mexican businessmen who had contributed the most to the drafting of the foreign investment law approved recently by the Cuban parliament.

"If we have come up with a law broad and flexible enough so as not to exclude anything or anybody, he said, it is because there was a high degree of participation and contribution by Mexican business delegations.

Upon his arrival in this capital, Gurria reiterated his country's rejection of the U.S. economic blockade against the island and called for the complete incorporation and integration of Cuba into the hemisphere's organizations.

Today he also met with Tourism Minister Osmany Cienfuegos and with Carlos Lage, vice president of the Council of State.

Tomorrow Gurria plans to have a working breakfast with Economy Minister Jose Luis Rodriguez and will later hold a news conference before his return trip to Mexico.

Gurria on Helms-Burton Bill, Integration

PA2409001395 Havana Radio Havana Cuba in Spanish 0000 GMT 23 Sep 95

[Report by Barbara Betancourt on remarks by Mexican Foreign Secretary Jose Angel Gurria in a news conference; from the "Evening Information Review" newcast]

[FBIS Translated Text] [Betancourt] Shortly before concluding his visit to Cuba, Mexican Foreign Secretary Jose Angel Gurria gave a news conference in which he stressed the significance of his meeting with President Fidel Castro.

[Begin Gurria recording] President Castro was extremely hospitable, kind and cordial with me. I brought him a special greeting from President Ernesto Zedillo and confirmed the invitation made by President Zedillo in Trinidad and Tobago for him to visit Mexico at his convenience. President Castro confirmed — as he had already done in Trinidad and Tobago — that he is pleased to accept the invitation, and added that he and his foreign minister will arrange the best time for this visit.

We discussed many things, and had a truly pleasant dinner. It was a splendid occasion to exchange views. We

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discussed a wide variety of bilateral matters, including the Ibero-American Summit, the Nonaligned Summit, the 50th anniversary of the United Nations — and of course we discussed yesterday's scoop: the approval of the Helms-Burton bill by the U.S. House of Representatives. [end recording]

[Betancourt] Urged by reporters, Foreign Secretary Gurria read the document that restates the Mexican Government's rejection of the decision by the U.S. House of Representatives to approve the Act for Freedom and Democratic Sovereignty in Cuba, better known as the Helms-Burton bill.

[Begin Gurria recording] The Mexican Government respects the sovereignty of nations; however, the scope of the said bill is inadmissible in light of international law, as it seeks to impose U.S. laws beyond U.S. borders, and submit to local jurisdiction actions taken by governments, companies, and persons from other nations. As a result, in April 1995, the Mexican Government stated, via a diplomatic note sent to the Department of State and a letter sent by the Mexican ambassador to members of the U.S. House of Representatives and Senate, its concern over the original text of the said bill. The Mexican Government believes the Helms-Burton bill violates international principles such as the UN Charter and the Declaration of Principles of International Law on Friendly Relations and Cooperation Among States approved by the UN General Assembly in 1970. This bill goes counter to the objectives of NAFTA and the principles of the WTO. Along these lines, the objectives sought through the implementation of this legislative initiative ignore the majority view voiced by the international community, which has categorically condemned the economic embargo on Cuba. [end recording]

[Betancourt] Asked about Mexico's relations with the Movement of Nonaligned Countries, which will be led by Colombia as of next October, Gurria replied:

[Begin Gurria recording] We have already received an invitation from President Samper, and I will attend the Nonaligned Summit on behalf of Mexico. We certainly hope my attendance will be viewed as a sign of interest in this meeting. [end recording]

[Betancourt] Last, Gurria talked about Mexican investors' interest in participating in the Cuban economy's opening to foreign capital.

[Begin Gurria recording] The process is going well and it has very positive characteristics. In addition, there seem to be a very clear interest on the part of investors to establish their operations here. Therefore, all that is left to do is to congratulate ourselves and hope that all the elements for integration are present, because integration will benefit the two economies. [end recording]

Robaina on Approval of Helms-Burton Bill

PA2309034195 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 23 Sep 95

["Excerpt" from interview with Cuban Foreign Minister Roberto Robaina by unidentified reporter at Havana International Airport on 22 September; from the "NTV Newscast" — recorded]

[FBIS Translated Text] [Announcer] After bidding farewell to Mexican Foreign Secretary Jose Angel Gurria at Havana International Airport, Cuban Foreign Minister Roberto Robaina granted this newscast an interview. He discussed the Helms-Burton Bill recently approved by the U.S. House of Representatives.

[Begin recording] [Robaina] Some people ask Cuba — only Cuba — about its response to this bill, and I say that Cuba has been reacting to this kind of bill for 36 years. It is they who have to give answers to the international community, because now they want to do to the international community what they have done to Cuba for 36 years.

There is no affinity between these intentions and the backing the international community gives Cuba at a forum like the United Nations. I do not think the community can back a decision such as that. You know about the declarations the European Union and Canada made even before the approval, and now about Mexico's recent declaration.

I want to ratify also that regardless of how harsh that law may be, regardless of how much it can complicate our lives, they are mistaken again: the laws that affect this country's future are not passed in the U.S. Congress, for better or for worse. They simply are not considered. When a neighbor acts this way, life gets complicated.

I think we have to be careful. They may be trying to twist the lid too tightly, and when lids are tightened too much they can [words indistinct]. We will continue working on the plan we have drafted with the Cubans, who are the fundamental factor for resisting and winning — and we have already won, because we still exist.

We have not done this alone. A significant portion of the international community has helped us, under pressure.

[Reporter] Regarding a meeting between Cuban leaders and President Carter, your name was mentioned. What about this?

[Robaina] The media has been speculating. We have received no official invitation for such a meeting. We

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have not refused to establish contact or to meet with any world leader and particularly with former President Carter, who has been interested in knowing about our situation and our position.

We respect, have shown respect for, his undertakings. These perhaps have not been the only contacts; and officials who worked with the former president have shown interest in Cuba's situation.

Regarding an initiative that involves meetings among many parties and a mediation between Cubans from here and Cubans who live abroad, our position is clear: We discuss issues with Cubans whenever there is a rational, civilized, and unhysterical attitude.

I repeat: One thing is our disposition to discuss our sitution with the former president. We have always been prepared to do that, and we will continue being prepared for that. Another thing is an event that was attended by a group of people many of whom have been mentioned to us, and we have not been considered.

[Reporter] You will be leaving for New York on the 24th. What is the main objective?

[Robaina] To tell the United Nations, on this occasion within the framework of its 50th anniversary, what Cuba thinks about starting, from within the United Nations, a process that organization requires at this moment. I think that 50 years after its founding, the United Nations should evaluate if the nations are really united, as needed.

This is the main objective: To tell the truth about our country, to say what we think about a democratization of the United Nations, and to hold broad talks with foreign ministers and representatives of UN institutions; and we have a program that involves sectors of U.S. civil, economic, business, cultural, academic, intellectual, and journalistic life, sectors that in difficult days maintained, with us, privileged relations.

I would say that for this occasion — a week from now — we will work with a basis on the same plan we had for previous trips. This time it will be more intense, but we will return immediately, because we have commitments that involve international and regional events for which we must prepare, so we are going to return right away. [sentence as heard] Thank you. [end recording]

'Experts' Comment on Helms-Burton Bill

PA2409043395 Havana Radio Rebelde Network in Spanish 1700 GMT 22 Sep 95

[Report by Zeneida Gonzalez from the "National Radio News" — recorded]

[FBIS Translated Text] [Gonzalez] In the opinion of experts, the approval of the Helm-Burton bill by the Senate threatens to be more bitter. In this connection, Nicanor Leon Cotayo, specialist in international affairs, gives us his opinion.

[Cotayo] The position of the Senate has always been questioned. What will happen in the U.S. Senate? There is no definite position, because in the Senate the bill has been questioned more than in the House.

[Gonzalez] Despite votes in its favor, [word indistinct] an undeniable reality, the international condemnation of these atrocious laws, including voices against the bill by U.S. congressmen, which have made this process controversial. Democratic congressman Jose Serrano made comments to Radio Rebelde.

[Serrano] In general, I oppose my country's policy because I believe it is a mistaken policy. I understand the desire of many people to see changes they believe should occur in Cuba. I believe that that decision belongs to the Cuban people. That is: It should be made in Cuba. I believe that the best role for a country as powerful as this is to give hope and encourage any decision taken by the Cuban people, and their government, regarding the future of their society. I always take a political risk when I say this. I imagine I am taking a political risk by speaking over this radio station. However, I believe that history will show that my actions were correct and honest. I hope that the President rejects this proposal and that the American people will analyze whether there is a need for this behavior on our part.

[Gonzalez] The Helms-Burton bill, a menace to Cuba's national sovereignty.

Grenada

Legal Battle 'Brewing' Between NPP, U.S. Firm

FL2509005295 Bridgetown CANA in English 1714 GMT 24 Sep 95

[FBIS Transcribed Text] St. George's, Grenada, Sep. 24, CANA — A legal battle is brewing between the New National Party (NNP) government and the American company, WRB Enterprises, over the sale of the Grenada Electricity Company (GRENLEC).

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Lawyers for WRB, the single largest shareholder, took court action Friday [22 September] against the three-month-old government of Prime Minister Dr. Keith Mitchell, which opposed the divestment while in opposition. The court action stems from government's decision not to honour an agreement covering the privatisation of GRENLEC by the defeated National Democratic Congress (NDC) administration. In divesting the company, the previous NDC Administration had sold 50 percent of GRENLEC shares to WRB, whose locally-registered company is Grenada Private Power (GPP). Shares were also sold to Grenadians at home and abroad. Although a sale of agreement was signed the Electricity Act was not proclaimed by the NDC.

The reigning NNP Government has decided not to proclaim the act. When in opposition, NNP had campaigned vigorously against the selling of GRENLEC to a foreign company.

Lawyers for WRB say the Mitchell Government is in breach of the agreement and they have filed an "originating summons" aimed at getting the court to declare the agreement signed with the American company as valid and binding. In addition, one of the declarations being sought is a ruling that government should move to have the Electricity Act proclaimed and give legality to the privatisation of GRENLEC. The act was already taken through all the stages in Parliament before it was dissolved ahead of general elections.

Under the act, GRENLEC is entitled to duty-free concessions on certain types of imported equipment and goods. In light of Government's decision not to recognise the act, GRENLEC is forced to pay custom duties on imported items.

Government said it would launch an enquiry into the sale of GRENLEC, with a view to re-purchasing sufficient shares and returning the company to Grenadian ownership.

Inquiry Sought Into Predecessor's Misuse of Funds

FL2509020395 Bridgetown CANA in English 2136 GMT 23 Sep 95

[FBIS Transcribed Text] St. George's, Grenada, Sep. 23, CANA — The Grenada Government says it is thinking about having a full-scale judicial inquiry into what it considers the misuse of the Capital Fund by the previous National Democratic Congress (NDC) administration.

A government preliminary inquiry has shown that more than 30 million East Caribbean dollars (one EC dollar = 37 U.S. cents) were taken out of the fund to do things it was not set up for.

Prime Minister Keith Mitchell has accused the NDC of "massive mismanagement" of the country during its five-year term in office, which ended with its defeat at the polls in the June 20, 1995 general elections.

Dr. Mitchell spoke of problems with the Capital Fund, which he said should have benefited from the sale of national assets like the National Commercial Bank and the Grenada Electricity Company (GRENLEC).

"...You should be shocked at what the capital fund was used for. The names that appear on the Capital Fund shocks me still," he remarked.

Dr. Mitchell, who is also the Minister of Finance, did not elaborate. However, he accused the NDC administration of being "highly irresponsible" over the disbursement of the finances in the Capital Fund, which he says now stands at below 10 million dollars.

Government had raised more than 36 million dollars between 1992 and 1995, mainly from the sale of state assets, for the Capital Fund, set up to finance major capital projects. A recent audit shows that half a million dollars were paid to the accounting company Price Waterhouse for its study on the sale of GRENLEC.

The audit shows a further 54,000 dollars spent on a public relations exercise to sensitise Grenadians on the sale of GRENLEC.

Over three and a half million dollars were spent settling claims with the National Water and Sewerage Authority, Central Garage and the Public Transport System.

"I think an investigation would show the exact situation," Mitchell told reporters. The prime minister also announced police will be called in to probe a number of wrongdoings in the Ministry of Works. "It is my view that actions that appear to be on the borderline of wrongdoing must be thoroughly investigated, and it is my view that anyone who pilfers the country's resources must pay for it," he added.

Prime Minister Mitchell did not give details of the crimes, but some employees in the Ministry have allegedly diverted government material to help in the construction of their homes.

Guyana

Omai Mine Plans To Reopen Following Cyanide Spill

FL2209195895 Bridgetown CANA in English 1741 GMT 22 Sep 95

[FBIS Transcribed Text] Georgetown, Guyana, Sept 22, CANA — The Omai Gold Mine Limited (OMGL)

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has indicated that it is ready to resume operations by December, just a month after a massive cyanide-tainted water spill sent millions of gallons of the dangerous waste into two of Guyana's rivers. Vice President and General Manager of OMGL, Rejean Gourde told the Caribbean News Agency Thursday in a telephone interview from the mines that there is a definite possibility that the mines can restart commercial activity by December. "We have developed a mine plan indicating that there is a possibility of resuming commercial operations in December 1995," Gourde said.

The Omai general manager confirmed that OMGL Chief Executive Officer, Louis Gignac, had dispatched a letter to Prime Minister Sam Hinds to this effect and also arguing that under the terms of its contract with the Guyana government, "nothing should interfere with the resumption of operations beyond the date that it is physically able to start."

According to a source at the prime minister's office, the four-page letter delivered to Prime Minister Hinds on September 14 is recommending that the commission of inquiry due to probe the Omai disaster should sit on a daily basis to speed up the process.

The Cheddi Jagan government had appointed an inter-party committee to monitor the implementation of a resolution passed in parliament on the spill. That resolution mandated that a commission of inquiry be set up to probe the cause of the disaster that sent cyanide effluent into the Omai River, still dead from the effects of the spill, and into the Essequibo River, Guyana's largest and longest waterway. "It is true that we can muster all the resources to bring Omai into operation within a two month period by November 15, if we had a clear direction on dam and environment requirements today," Gourde told CANA.

Gignac had said in his letter to Hinds that it would be "reasonable for the company to plan for a resumption of production under acceptable conditions" not later than December 1 this year. He added that it would be unfortunate if given the financial and other interests of the government, Omai employees and its shareholders, if Omai were prevented from resuming (operations) due to unfinished business or for any other reason". Endorsing this statement, Omai General Manager Gourde said the policy of his company is to continue working with government officials to achieve the objective of restarting operations in December.

Omai was forced, after the dam at the tailings pond developed leaks in a number of places causing cyanide effluent to gush into the Omai River, to divert the cyanide waste into the fennell pit, the area of greatest gold production in the mine.

Haiti

UN Official on U.S. Moves To Freeze Election Aid

PA2209210595 Port-au-Prince Signal FM Radio in French 1030 GMT 22 Sep 95

[From the "Waking Up" newscast]

[FBIS Translated Excerpt] Algeria's Lakhdar Brahimi, the UN secretary general's special representative in Haiti, has said that although Haiti has progressed significantly in the year since the U.S.-led multinational force intervened, not enough is being done to help the country's deteriorating economic situation. Brahimi commented on attempts inside the U.S. Congress to freeze the aid promised for the December elections, saying that the Haitians will be able to mobilize other resources with the help of other foreign partners. Brahimi has said that the UN Mission in Haiti's [UNMIH] mandate may be extended, provided that Port-au-Prince authorities expressly request that. He says that he is unaware of any formal request from the Port-au-Prince authorities for the extension of the UNMIH's mandate. [passage omitted]

National Policeman Shoots Interim Police Officer

PA2209201795 Port-au-Prince Signal FM Radio in French 1030 GMT 22 Sep 95

[From the "Waking Up" newscast]

[FBIS Translated Text] A national policeman shot and wounded an interim policeman in both legs during a dispute in Delmas on the morning of 22 September. The interim policeman was rushed to the general hospital for first aid treatment and then transported to Canape-Vert Hospital and placed in intensive care. Major Dany Toussaint, head of the interim police, was at the general hospital this morning asking about the policeman's condition. We have learned that interim police headquarters in Port-au-Prince is virtually at a standstill following this incident, the first of its kind to be reported since the latest batch of national policemen graduated. The fourth batch of Haitian policemen is scheduled to graduate on 23 September: More than 350 policemen will receive their diplomas at the Petion-Ville training center at 1600 on 23 September. The young policemen, who arrived in country last weekend after two months of training in Missouri, are members of the May-September 1995 class.

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CEP Publishes Provisional Election Figures

PA2209220195 Port-au-Prince Signal FM Radio in French 1030 GMT 22 Sep 95

[From "The Waking Up Newscast"]

[FBIS Translated Excerpt] The vote count continues in the two centers established in Port-au-Prince: the National Society of the Industrial Park and the Toussaint Louverture Public High School, according to the Provisional Electoral Council [CEP]. The secretary general of the electoral institution said during a news conference held yesterday that the counting operations are now in their final phase and that the results of the provinces have begun being brought to the verification centers intended to that end.

According to provisional figures communicated by the Provisional Electoral Council, the participation rate might be about 50 percent in the Departments of the Northwest, North, and Grand'Anse, whereas in some other departments like Plateau Central and the west it supposedly reached less than 30 percent.

The ballot could not be held in several regions of the country such as Grand-Fort, Kenscoff in the west; Belle-Fontaine, Croix-des-Bouquets in the west; Nan Paul et Tournade, l'Asile in Grand'Anse, as well as in the second and ninth communal sections of Jeremie. The ballot could not take place in these regions due to ballot paper problems.

The elections did take place in Bombardopolis on 17 September, Secretary General Mrs. Marie-Laurence Jocelyn Lassegue announced yesterday during a news conference at the press center of the CEP at the Holiday Inn Hotel.

After the official time for the closing of the polling stations on 17 September, the officials of the electoral institution announced that violent storms in this region of the northwestern part of the country caused electoral operations to be canceled. The bad weather delayed the vote in Bombardopolis, Mrs. Lassegue added, based on the information coming from the concerned Electoral Communal Offices, she said.

Here is an excerpt from this conference:

[Begin Lassegue recording, in Creole, in progress] ...a margin I ask the journalists to take into account [words indistinct] when we have the final results. So, we can say for the northwest, the voters' participation rate was between 25 and 30 percent; in the south, 40 percent; in the southeast, 40 percent; in Artibonite, 50 percent; in Grand'Anse 60 percent; in Nippes, there is the same phenomenon as in the northeast, but it is the reverse phenomenon. They told us that the participation rate was 45 percent, but according to the information we got this morning it will be 50 percent. The latest figures we have for the west are between 25 and 30 percent. [passage omitted] [end recording]

Lavalas 'Far Ahead' in South Department Vote Count

PA2209210295 Port-au-Prince Signal FM Radio in French 1030 GMT 22 Sep 95

[From the "Waking Up" newscast]

[FBIS Translated Text] Electoral Office President Alphonse Neilly said yesterday that the Lavalas Political Organization is far ahead in the Department of the South's vote count following the second round of elections. Neilly's statement came as he was preparing to deliver updates and electoral material on the 17 September ballot to the Provisional Electoral Council.

Inter-Caribbean Affairs

St. Martin Expels Illegal Immigrants

FL2509005195 Bridgetown CANA in English 1642 GMT 24 Sep 95

[FBIS Transcribed Text] The Valley, Anguilla, Sep. 24, CANA — Authorities on the Eastern Caribbean island of St. Martin are sending a strong message to illegal immigrants on the dual-nationality island — leave voluntarily or face immediate deportation. Confronted with the massive task of providing shelter, food, and other services for several hundred persons in the wake of Hurricane Luis, which wrought death, damage, and destruction to the high-profile tourist destination in the northeastern Caribbean on September 5, officials say this is the time to weed out foreigners living illegally on the island.

Many of those persons made homeless on both sides of the island are nationals of the Dominican Republic and Haiti, who lived in feebly made plywood shacks. The authorities are relocating legally documented persons in tent shelters and have ordered the demolition of nine of the shantytowns where it is known that many illegal immigrants live.

St. Martin has received "negative" publicity in the international travel trade media because of the dire plight of thousands of illegal persons in the aftermath of the hurricane, tourism industry specialists say. But the decision to demolish the shanty-towns is not going down well with immigrants who say they are being targetted simply because they are nationals of the Dominican Republic and Haiti.

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Both the lieutenant governor of Dutch St. Maarten, Dennis Richardson; and the SousPrefet of St. Martin, Antoine Pichon, say the checkpoints, roadblocks, and border controls in place since the hurricane will continue until the illegal population is negligible, They have expreesed regret at the inconvenience the measure is causing nationals and legally documented residents.

Trinidad and Tobago

'Inside Edition' Viewed U.S. 'Yellow Journalism'

FL2209193295 Bridgetown CANA in English 1644 GMT 22 Sep 95

[FBIS Transcribed Text] Port-of-Spain, Trinidad, Sept 22, CANA — Following is the text of the editorial in Friday's TRINIDAD GUARDIAN newspaper:

"The unhappy fallout from the American television programme "Inside Edition" screened on U.S. satellite television on Monday [18 September] is that Trinidad and Tobago [TT] will be perceived in the eyes of the world as a place where visitors come and are murdered. This piece of yellow journalism perpetrated by a visiting U.S. television crew, is a gross and contemptuous calumny on our country, one that must be condemned in the strongest terms.

It is true that no arrest has yet been made in the killing of two young Canadians Geoff and Sherelle Ann Barnes who came to this country on holiday two years ago. But it is quite irresponsible for "Inside Edition" reporters to use that fact to paint TT's police service and Government officials as corrupt to the point of national disgrace. Using that same yardstick then "Inside Edition" must now proceed to declare the police service and Government officials totally corrupt in every nook and cranny of the United States where there are long lists of unsolved murders.

It is unfortunate however that TT Police authorities did not respond to the U.S. reporters' request for an interview into the Barnes' killing. We are now being told that probing the mysterious strangulation of the Canadian couple was difficult and lengthy, that it is now complete and a file on the matter has been handed to the Director of Public Prosecutions for action.

From information we have received it would seem that "Inside Edition" should also be asking the Toronto Police about the quality of their investigations into this double murder. It is unfortunate too that Opposition Leader Basdeo Panday should have made some allegations on the programme which are not supported by evidence.

In a similar vein, the official reports of the number of marijuana trees destroyed in the Weedeater campaign will sooner or later, become part of the national and international record. The words of Ambassador Donnelly will be fed in dispatched to the State Department and may eventually surface in Congressional records. To be blunt about it, we do not believe the huge numbers — six million marijuana trees said to be destroyed by this operation. As we report on our front page today, this translates to more than 3,000 acres of land. Destruction of this magnitude would require a tactical nuclear weapon to have been accomplished. Up to the present, we have had no history of large scale marijuana processing and export. There have been no seizures attributable to TT in the U.S. that we are aware of. From where has this export trade suddenly materialised? More credible and complete information must be provided to the country if we are to believe these astronomical numbers.

Whatever the theatrics of this exercise and the benefits political and otherwise to the states involved we do not wish what remains of our good name to be unnecessarily tarnished by the hyperbole of operatives and their handlers."

PNM Condemns Panday's TV Remarks

FL2209201095 Bridgetown CANA in English 1804 GMT 22 Sep 95

[FBIS Transcribed Text] Port-of-Spain, Trinidad, Sept. 22, CANA — Trinidad and Tobago's ruling People's National Movement (PNM) party has condemned opposition leader Basdeo Panday for remarks made on a U.S. television programme about crime and corruption in the police service in the country. However, Panday, the Leader of the United National Congress said he was only speaking the truth and would do it again, if he had to.

The investigative programme "Inside Edition" was critical of the way the police here were dragging their feet into the double-slaying of Canadians Geoff and Sherelle-Ann Barnes whose bodies were found on a beach in East Trinidad last year.

An "Inside Edition" crew while in Trinidad interviewed Panday and several other persons. The programme complained that although it made arrangements to interview a top police official, they were unable to do so. Panday told the programme which has a wide viewership in North America that the murders of the Barnes like so many others would go unsolved because of problems within the police service. He also referred to a Scotland Yard report which linked a group of police officers to drug kingpins. "If I am called to apologise for speaking the truth I have no intention of doing this ... the things I said were all reported, I don't think I said anything new," Panday told reporters on Thursday.

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The PNM which is led by Prime Minister Patrick Manning said in a statement that Panday has once again sought to deliberately portray the country in the worst possible light. "The National Community must be outraged by the spectacle of a parliamentarian who pretends to have aspirations to lead this country, but who will be prepared to go on international television with unsubstantiated claims calculated to bring Trinidad and Tobago into disrepute, all in the expectation of scoring points at home," a statement to the media said.

Police Commissioner Jules Bernard also condemned persons who made unsubstantiated charges of corruption in the police service and alleged that policemen kill people on the orders on drug lords. "It is unfortunate that some persons, even in high office, are motivated to allude, without any supporting evidence, to corruption within the police service and the police killings at the behest of drug lords," the commissioner was quoted as saying in Friday's Trinidad Guardian newspaper.

The PNM said Panday's statement was damaging not only to the country's national image but indeed serves to undermine his own credibility. "This statement also comes at a time when the government has been working assiduously with the police service to ensure that they are appropriately equipped and accommodated to deal with the challenges of crime in our country.

"Mr. Panday has now sought to hold up our national police service to international ridicule thereby further demoralising the thousands of honest hardworking officers and support staff who face the scourge of the drug-dealing criminal element everyday."

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Government 'Deplores' Helms-Burton Bill Approval

PA2209210395 Mexico City XEW Television Network in Spanish 0430 GMT 22 Sep 95

["Text" of communique issued by the Foreign Relations Secretariat in Mexico City on 21 September; from the "24 Hours" newscast]

[FBIS Translated Text] The Mexican Government deplores the approval today of the bill known as the Act for Freedom and Democratic Solidarity in Cuba by the U.S. House of Representatives.

The Mexican Government is respectful of the sovereignty of all states, however, the extent of the aforementioned bill is unacceptable in light of international agreements because it is an attempt to apply internal laws of the United States beyond its borders and subject to its local jurisdictions all the controversies that may result from actions taken by governments, companies, and individuals of other states.

That is why in April 1995, the Mexican Government issued a diplomatic note to the State Department and the Mexican ambassador notified members of both houses of Congress noting the government's concerns over the original text of the initiative.

The Mexican Government believes that the resolution on the Act for Freedom and Democratic Solidarity in Cuba violates international laws such as the UN Charter, the Declaration of Principles of International Law regarding the relations of friendship and cooperation among states approved by the UN General Assembly in 1970. It also violates the objectives of the North American Free Trade Agreement and the norms of the World Trade Organization.

Likewise, the objectives behind the implementation of this legislative initiative disregard the overwhelming tendency of the international community, which has firmly condemned the economic embargo imposed on Cuba.

Even though this initiative still requires the approval of the U.S. Senate and the signature of the U.S. president, the Mexican Government believes that if this bill becomes law, its application would be a source of tensions in the atmosphere of dialogue and international cooperation not only in our region but in the community of nations.

Jurists Question NAFTA Steel Industry Resolution

PA2409175295 Mexico City EL FINANCIERO in Spanish 20 Sep 95 p 25

[Report by Lourdes Gonzalez Perez]

[FBIS Translated Text] Under the argument that panel members exceeded their powers, invoked preceding panels in the United States and Canada, and resorted to articles of the Mexican legislation not pertaining to the case, the Secretariat of Commerce and Industrial Development [Secofi] may challenge the resolution issued against Mexico regarding the laminated steel sheet issue.

In addition, the panel's resolution entails many deficiencies; it does not stick to Article 1902, nor does it respect Annex 1911 of the Free Trade Agreement.

This was explained by the jurists specializing in foreign trade, who warned that one week before Secofi presents its return report, as ordered by the same panel, to the NAFTA Secretariat Office, there is a great deal of concern among the lawyers of the country in light of the possible reaction of that entity.

The Attitude of Herminio Blanco is Worrisome

The most worrisome of all, they stated, is the "disagreeable signal" that Herminio Blanco sent in the past days, saying that "Secofi will observe the panel's resolution because it is fair," when the very document of the panel shows lack of adherence to legality on the part of panel members.

They considered the response of the Secretary of Commerce as "premature," because all the arguments had not even been analyzed.

In this regard, they requested that Secofi ask for the creation of a special challenge commission, "at least to appeal to the last resort before allowing the application of Mexican law to be questioned."

If we lose in this forum, experts remarked, there would be a smaller political cost than the one represented by inaction and the inability to defend Mexican industrialists.

The resolution of the panel, which demonstrates abuse of power, is a monstrosity. It did not comply with Article 1904.2 of the NAFTA, they underscored.

Panel members who ruled against the Secofi, the consulted attorney added, judged the constitutionality of Mexican authority and that is not established by Chapter XIX of the NAFTA.

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Other pitfalls must be added to this, like the lack of representation of U.S. exporting companies, which by itself invalidates the proceedings.

It should be pointed out, as an example of the arguments of these jurists, that while the NAFTA revision provisions (Annex 1911) only mention Article 238 of the Fiscal Code of the federation, panel members resorted to Articles 237 and 239.

Thus, a resolution that violates Mexican law was promulgated, and in coming cases, there will not be valid arguments to defend the national production infrastructure against arbitrary actions by the United States.

Businessmen Ask IMF, World Bank To Ease Adjustment

PA2409193995 Mexico City LA JORNADA in Spanish 20 Sep 95 p 51

[Report by Raul Llanos Samaniego]

[FBIS Translated Text] Carlos Abascal, president of the Employers Confederation of the Mexican Republic (Coparmex), has met with officials from the IMF and the World Bank to request economic support from these financial institutions for investment and development projects in the southeastern part of the country.

In addition, Victor Manuel Diaz Romero, president of the Confederation of Industrial Associations (Concamin), believes that in spite of the fact that macroeconomic conditions have improved and the threat of a financial collapse has dissipated, the crisis has not been totally overcome. But he added that once the improvement at the macro level is achieved, "it will be the time to take the appropriate measures to counter the high cost the adjustment program has had on the real economy."

For Diaz Romero we cannot be overconfident while "we see how industrial production and sales drops, and the difficulties of companies and unemployment grow."

Meanwhile, Carlos Abascal, the top leader of the country's employers confederation, met on 11 September with IMF officials Claudio Loser, Ernesto Hernandez-Cata, and Ewit Williams, as well as with leading World Bank officials.

According to sources close to the institution, Abascal reportedly asked the representatives of the aforesaid international organizations "to ease" the conditions imposed on Mexico as part of its support programs, so that the country can get the economy back on its feet.

Nevertheless, according to Coparmex director Lorenzo Pelaez, at that meeting, economic support was requested from these financial institutions to support investment projects in the southern states of Mexico. These resources, should they be granted, will be channeled through the Foundation for Sustained Development (Fundes) and the Business Investment Council for the Development of the Southeast [Consejo Empresarial de Inversion para el Desarrollo del Sureste — Ceides].

Meanwhile, an official communique highlighted that "among the issues discussed at the meeting were the economic recovery of Mexico and the alternatives within the reach of Mexicans to expedite that process, as well as the social repercussions of the crisis and the efforts being made by the Mexican production infrastructure to survive."

Pelaez remarked that there was consensus with the IMF and World Bank officials on the results of the implementation of the adjustment program in Mexico, but they were also asked to support small and medium-sized companies in the country by financing investment projects.

In the meantime, in a separate interview, Concamin president Victor Manuel Diaz Romero declared that "as industrialists and Mexicans, we assume part of the cost of the crisis and commit ourselves to working to resolve it, but we cannot face it alone. We need the support of the financial, government, and social sectors to continue this task."

Consequently, he stressed that with the responsible and orderly dialogue with the financial and government sectors, agreements are expected to be achieved allowing us to solve the most urgent problems of the industrial sectors, and "we hope to obtain favorable resources that will help us reactivate the production infrastructure."

Diaz Romero stated that it is possible to stabilize the economy, although the challenge now is to foster a new era of economic growth with the participation and the effort of everyone. He added that we have already begun to see progress in the control of financial and exchange markets, as well as the main economic indicators.

"The stabilization of the exchange rate and the reduction of inflation and interest rates in such a short period of time are unequivocal proof that we are advancing toward overcoming the critical period of the crisis, eliminating the threat of a financial collapse," he expressed.

"We believe that our sacrifice has not been in vain because the main objectives of the Action Plan to Strengthen the Agreement of Unity to Overcome the Economic Emergency have been met, although not all the objectives, like returning to the path of economic growth with well-paid jobs," Diaz Romero concluded.

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Zedillo Tells U.S. Businessmen Recovery 'On Its Way'

PA2409202695 Mexico City XEW Television Network in Spanish 0430 GMT 23 Sep 95

[Report by Juan Sebastian Solis; from the "24 Hours" newscast]

[FBIS Translated Text] President Ernesto Zedillo met on Friday [22 September] with members of the board of directors of the Hispanic Chamber of Commerce of the United States [Camara de Comercio Hispana de los Estados Unidos]. Zedillo assured them that Mexico has already overcome the most critical period of its financial crisis and is on its way to economic recovery. The president told the Hispanic-American businessmen that there are very encouraging indicators in the financial sector like foreign exchange stability, reduced interest rates, reduced inflation, and the existing surplus in Mexico's trade balance.

In the external sector, Zedillo pointed out that until August 1995, Mexico's trade balance had experienced a $16.6-billion correction. Regarding foreign trade, until August imported goods had decreased by 7 percent, while exports had increased by 33 percent.

The Hispanic Chamber of Commerce of the United States comprises 200 chambers of commerce and represents the interests of more than 720,000 Hispanic businessmen in the United States.

Economy To Begin 'Gradual' Recovery

PA2209195995 Mexico City XEW Television Network in Spanish 0430 GMT 22 Sep 95

[From the "24 Hours" newscast]

[FBIS Translated Text] Mexican President Ernesto Zedillo said in Queretaro that the financial crisis is clearly being resolved, but he recognized much time remains before it is completely overcome.

Zedillo said the country's new federalism is built with actions and not with words. You can only build with feasible proposals and clear actions, not with regrets. You build with work and dedication, not only with good wishes. The president said a fundamental step in the construction of this new federalism will be the effective decentralization of expenditures at the Social Development Secretariat.

[Begin Zedillo recording] That is why today I reaffirm before you and after listening to the proposals made here that I will propose the inclusion of the honorable Chamber of Deputies in the federation's budget bill for 1996. We need the decentralization of at least two-thirds of the Branch 26 [Ramo 26] exercised by the Social Development Secretariat. We will propose the decentralization of these resources so that we can turn them over to the municipalities through the state governments. [end recording]

During a working meeting at with the municipal development councils on the patio of the Queretaro Government Palace, President Zedillo said that with this proposal he will bring the state's institutional capabilities to the places people are experiencing problems and backwardness.

In his working tour, President Zedillo visited El Marques Municipality. There he visited the National Meteorology Center, which he described as key for the country's progress. There the president reiterated that thanks to the efforts of all Mexicans throughout this year, the country is overcoming the worst moment of its economic crisis.

[Begin Zedillo recording] Thanks to this effort, the national economy will begin a gradual, but firm recovery process — a recovery that will slowly be reflected in the improvement of the living conditions of families and businesses. [end recording]

Zedillo inaugurated a traffic distribution device [distribuidor vial] in the city of Queretaro. He handed out property deeds at the Casa de la Cultura for the benefit of more than 3,600 residents. He witnessed the signature of the agreement between Banrural [National Rural Credit Bank] and the Government of Queretaro in support of small coffee producers. Later on, he inaugurated the Queretaro Technological University and an industrial plant. His wife, Nilda Patricia Velasco de Zedillo, the secretaries of commerce, education, and social secretaries, as well as the governor of Queretaro, Enrique Burgos Garcia, accompanied the president during his working tour.

Finance Minister on Debt Payment, Tax Reform

PA2209220495 Mexico City XEW Television Network in Spanish 0430 GMT 20 Sep 95

[Interview with Finance Minister Guillermo Ortiz by unidentified correspondent in Washington; date not given; from the "24 Hours" newscast — recorded]

[FBIS Translated Text] [Correspondent] Are you here to renegotiate better terms for the payment of the foreign debt? That is what people think.

[Ortiz] For 1996, we have a much better foreign debt payment schedule than the one we had in 1995. We have returned to our financial markets; therefore, it is not necessary to renegotiate the debt.

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[Correspondent] It is said that there is going to be a fiscal reform for next year. Are there hopes for this?

[Ortiz] In this period there will be no changes or initiatives specifically dealing with tax reform.

[Correspondent] How can the country, how can Mexico convince investors who have not yet recovered their confidence in Mexico?

[Ortiz] I can say that today the level of confidence by investors in the country is much higher than the one we had a few months ago.

Monetary Base Balance at 47.8 Billion New Pesos

PA2409032195 Mexico City EL FINANCIERO in Spanish 21 Sep 95 p 5

[Article by Gerardo Flores]

[FBIS Translated Text] The Bank of Mexico (Banxico) reported today that at the close of August the balance of the monetary base totaled 47.8 billion new pesos, while the income of the multiple banking system reached 10.3 billion new pesos.

In its report regarding total banking and financial activities, the Central Bank points out that in August the balance of total financing by the multiple banks (excluding operations between banks) was 643.3 billion pesos.

Banxico reported that compared to December 1994, the monetary base decreased 9.1 billion new pesos and that the growth of this variable at the end of August compared to the same month last year was 8.1 percent.

Meanwhile, the growth of the daily average balance in August compared to the same period last year was 5.7 percent.

Likewise, the report says that the balance of the circulating medium (M1), which is the sum of all paper money and coins in addition to the checking accounts in people's possession reached 129.6 billion new pesos in August.

This total increased 1.1 billion new pesos in August and has decreased 24.9 billion from December 1994 to August 1995.

Eight billion 700 million new pesos of this year's accumulated decline correspond to paper money and coins and 16.2 billion to checking accounts.

The total accumulated monetary balance (M4), which includes the total public resources captured by the financial system and the bills and coins in people's possession, was 767.2 billion new pesos in August. This amount increased 12.8 billion news pesos in August and 38.1 billion new pesos during the first months of then year.

The difference in the amount of total income between December 1994 and August 1995 was 35.5 billion new pesos.

Excluding the effects of currency exchange, the income of the other financial intermediaries declined 2.7 billion new pesos in August and 24.4 billion new pesos during the December to August period.

The amount of total financing of the multiple banking system was 643.3 billion new pesos in August, of which 24.8 billion belongs to government sector financing and 618.5 billion to the private sector.

The difference in that balance in 1995 is precisely 41.9 billion pesos and in August it decreased 3.1 billion pesos.

Accountants Institute: No Tax Increase in 1996

PA2409195695 Mexico City Radio Red Network in Spanish 0000 GMT 21 Sep 95

[Report by Victor Manuel Suberza Blanco; from "The Night Monitor" newscast]

[FBIS Translated Text] Alberto Tiburcio Cerroyo, president of the Mexican Public Accountants Institute [Instituto Mexicano de Contadores Publicos], has asserted during a news conference, that taxes will not be increased in 1996. He added that the government will back Mexican companies and will try to implement a tax system that is clearer. He also said that according to the recommendations of the fiscal advisory council, the value-added tax will not be increased.

After a meeting with President Ernesto Zedillo, Alberto Tiburcio Cerroyo asserted that the government did not intend to increase taxes next year, but rather to increase the number of taxpayers.

[Begin Cerroyo recording] To try to eliminate a few fears, I can anticipate that taxes will not be increased. An increase would not be possible or advisable. We believe the solution continues to be, as we stated previously, to try to increase the number of taxpayers. This is more equitable and honest. The taxes will not be increased. We can also say, although we cannot give details as it has not been approved and is not the council's official position, that several favorable measures for companies and individuals will be issued. [end recording]

On another issue broached during the news conference, which was held at the Carranza room of the Los Pinos presidential residence, the Mexican Public Accountants

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Institute president stated that respecting the law and make it be respected does not necessarily imply fiscal terrorism. In this respect he said: It is true, abuses have occurred in the efforts to get taxpayers to comply with their duty but we also have to accept that, in the past, we did not heed the obligation of paying our taxes.

Secofi No Longer Responsible for Price Controls

PA2309122595 Mexico City LA JORNADA in Spanish 21 Sep 95 pp 50, 64

[Report by Patricia Munoz]

[FBIS Translated Text] Undersecretary for Domestic Commerce Eugenio Carrion announced that the Commerce and Industrial Development Secretariat (Secofi) will no longer be responsible for controlling prices, which from now on will have to regulate themselves in the domestic market.

The official stated that Secofi had decided to dismantle several of its price controls and government intervention instruments in order to allow firms the opportunity to freely operate in every sector.

Mexico, Carrion explained, must be more competitive as this relates to the international market, reason for which "most naturally the state must abandon those activities in which it is not involved, since it is no longer its responsibility," and on the other hand, must commit itself to promote business activities.

In this respect, Carrion pointed out that six years ago Secofi was basically an agency that was bureaucratic, controlling, and accustomed to interfering, a situation that has currently been completely changed.

In this manner the state, which at a given moment had been controlling prices in the commerce sector, "must no longer become involved in this activity," except in those cases in which there is a particular interest to monitor specific prices.

Given the level of competition and the degree of market development, "why the need to monitor and create a bureaucracy or organization that can well become involved in other activities?" the undersecretary asked.

According to the Carrion, the current administration's fundamental objective is to have a state that promotes and does not intervene in or control various economic forces. It is for this reason that Secofi will no longer be a bureaucratic institution.

Therefore, Secofi will no longer control prices or commercial and industrial activities in general, and will be more involved "in establishing guidelines aimed at encouraging the economy instead of restraining it."

The current administration's view is one of "nongovernment intervention" and encouraging private sector participation in domestic trade. Based on this same view, the commerce undersecretary commented, Secofi intends to implement several programs related to the industrial sector, as well as international and domestic trade.

Carrion added that it is also indispensable to eliminate excessive regulations that tend to interfere with economic activity.

We will have to simplify procedures at government offices and instill an attitude of service toward the public and dedication so that state institutions can become more efficient, he indicated.

He also mentioned that the reach of the influence held by some state-owned agencies in the market is still being examined since the "objective is to create a wide enough space to strengthen the private sector."

Likewise, when Secofi's activities are being reevaluated, special emphasis will be paid to its development instruments since, for example, several years ago the franchise activities were not included in the agency's programs and today that activity represents nearly 1 percent of the GDP. Half of all the franchises currently operating in the country are Mexican, and this new type of business activity that is taking place in the international economy as well as in the Mexican economy calls for new ways of doing things.

In addition, the Secofi official pointed out that a statistics manual with information on the commercial sector is currently being prepared. He added that even though a similar manual has already been published by the National Institute of Statistics, Geography, and Information Science (INEGI), it is still worthwhile having precise information with respect to trends, places, magnitude, employment, and average income in that sector of the economy.

It is for this reason that several months ago Secofi carried out an extensive information gathering program that included analyzing all the information it already had stored.

In general terms, the challenge lies in ensuring efficiency and competitiveness in the commercial sector. "Whoever is not efficient dies, as simple as that," Carrion stressed.

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Twelve Thousand Bank Workers Said Fired Since Jan

PA2509043095 Mexico City NOTIMEX in Spanish 2156 GMT 25 Sep 95

[FBIS Translated Text] Culiacan, 24 Sep (NOTIMEX) — Enrique Aguilar Borrego, leader of the National Federation of Banking Workers Unions (Fenasib), said 12,000 bank workers have been fired in Mexico since January as a result of the banking system crisis.

The union leader has warned that banks could be forced to merge in order to meet the crisis, something which could mean the disappearance of certain financial institutions.

The Bank of Mexico could merge with the Bank of Commerce (Bancomer), creating the largest banking system in Mexico. Borrego added that Banca Cremi, Banorte, and Bancen could also merge.

Army Troops on 'State of Alert' in Chiapas

PA2309140895 Mexico City LA JORNADA in Spanish 20 Sep 95 p 35

[Report by Elio Henriquez]

[FBIS Translated Text] *San Cristobal de las Casas, Chiapas, 19 Sep* — Military sources have reported that the Mexican Army troops stationed in the area of conflict and other areas in Chiapas have been on a "state of alert" since 16 September, because "there is information that certain groups will stage mobilizations."

They added that the state of alert was decreed in all the areas under the control of the 31st Military Zone, which is located in Rancho Nuevo, 10 km from this city, because "there have been rumors that certain unidentified civilian and armed groups intend to stage mobilizations for reasons that are not very clear."

The military measure, which implies that all military officers are ready to go out and carry out their mission as soon as possible, if necessary, comprises the entire area of conflict in the jungle and Los Altos and involves the 83d Infantry Battalion and the 24th Cavalry Regiment, which are quartered in San Cristobal de las Casas and Comitan, respectively, as well as other detachments in Tuxtla Gutierrez and other parts of the state.

According to the State Prosecutor' Office [PJE] authorities, for more than a month, movements of certain unidentified armed groups have been detected, especially in the northern region of the state.

It was even learned that, according to investigations conducted by military and civilian intelligence organizations, the presumed mobilizations would reportedly be part of a larger movement called *Black September*, of which there are no more details. This alleged "destabilizing" plan is expected to occur this month, but the starting date is not known. This is why there was speculation that the key dates were 1, 15, or 16 September.

However, no mobilization of any kind or actions of the type that authorities claimed they "discovered" or that would reportedly be concocted have been detected so far.

This information has been obtained, according to certain PJE officials who asked to remain anonymous, through "dozens" of reports made by residents of Tila, Sabanilla, and Tumbala, which are located in the northern region bordering the state of Tabasco and where, according to official information, approximately 20 people have died in the last six months in different incidents.

According to PJE sources, in certain cases, the criminals pass off as members of the Zapatist National Liberation Army (EZLN) by dressing like them and wearing ski masks over their faces. However, it has not been confirmed that they belonged to the rebel group that emerged on 1 January 1994.

One such cases took place on 24 August 1995, when a group of masked men confronted and shot at the Federal Judicial Police along the road that leads from San Cristobal de las Casas to Ocosingo in the region of Huixtan Municipality. On this occasion, an alleged assailant dressed in garb similar to that of the Zapatist guerrillas died. However, judicial authorities claimed he was a common criminal.

Beginning with this and other incidents or presumed movements detected in the area of conflict and its surroundings, the state public security police and the group called *Force and Reaction* are constantly patrolling many state regions, mainly Los Altos and the jungle.

In the opinion of the military sources consulted today, the "state of alert" was decreed on 16 September, when thousands of Mexican Army soldiers marched throughout the country to mark Mexico's Independence Day, which is the day when four military aircraft crashed in Mexico City.

However, the informants said that the "state of alert has nothing to do" with the aforementioned accident, because this measure, which was taken to prevent "any destabilizing action," had been decided days earlier.

The sources commented that the "state of alert" was decreed by the 31st Military Zone, led by General Daniel Nicabardo Velasquez Cardona, even though there has not been any special action. The information,

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they stressed, "is based on rumors coming from all directions."

New Army Airborne Units To Fight Unconventional Forces

PA2509042695 Mexico City REFORMA in Spanish 22 Sep 95 p A-1

[Report by Gerardo Roman]

[FBIS Translated Text] As a result of the guerrilla uprising in Chiapas, the Mexican Army has created new airborne groups of special contingents in the country's existing 10 military regions in order to fight "unconventional forces."

In military terms, "unconventional forces" are those groups that may be drug traffickers, terrorists, or gangs of criminals.

The information is contained in a document of the Third (Operations) Section of Staff for National Defense dubbed "The Reorganization of Units in the Current Administration," which was published in the REVISTA DEL EJERCITO Y FUERZA AEREA MEXICANA.

According to military sources, these are elite corps for immediate reaction that are especially trained and equipped with light and sophisticated armaments to confront attacks in all types of ground and climate.

Yesterday, the Sedena [National Defense Secretariat] presented to the Congress of the Union a work report for 1994-1995 that only indicated the creation of these special forces in each of the military regions.

The special airborne forces are troops who are transported by air and are equipped with armament, including "Boogies," which are high-speed tubular cars for quick assault.

The units are equipped with rocket launchers, grenade launchers, and 050 submachine guns for violent attacks.

According to the report presented to Congress, "there was a new prospect for training Army and Air Force units, agencies, and installations so that these become specialized and skilled troops ready to take action" in every type of ground, climate, and specific peculiarities.

The most evident examples of the reorganization of these units are the 73d Infantry Battalion and the 2d Cavalry Regiment, which have received equipment to operate in the jungle.

According to the source, "they were given night vision goggles, bulletproof vests, grenade launcher attachments, 40-mm MK-19 machine guns, 60-mm search [tipo cazador] mortars, and sophisticated radio communications equipment, such as one G.P.S. Magellan, 1000 MS."

The report states that during Sedena's restructuring and modernization process, the internal regulations were modified, and a human rights course was included in the soldiers' training.

Sedena Restructures Military Zones, Operations

PA2409192795 Mexico City REFORMA in Spanish 22 Sep 95 pp 1A, 4A

[Report by Gerardo Roman]

[FBIS Translated Text] The restructuring of the military regions of the country, the operations against drug trafficking, the modifications to the military training focus, and the reform of the internal regulation of the Secretariat of National Defense [Sedena] are the major points of the report presented yesterday by the Sedena to the Congress of the Union.

The document states that the 7th Military Region comprised of the military zones located in Villahermosa and Tenosique, Tabasco, and Rancho Nuevo and Tapachula, Chiapas, will be restructured.

The 2nd and 3rd Military Regions were also reorganized. The military zone based in La Paz, Baja California Sur, is now placed under the 2nd Military Region, so it is now comprised of the military zones of El Cipres, Baja California norte, and of La Paz, in Baja California Sur.

The 3rd Region is now comprised of the military zones of Hermosillo, Chihuahua, Culiacan, and Durango.

Regarding the fight against drug trafficking, the report describes in detail the permanent campaign to eradicate plantations and the operations to support the actions carried out by the Attorney General's Office [PGR].

Regarding the operations carried out by "Marte" Task Force in 1994 in San Jose del Llano, Sinaloa, it was determined that 1,569 soldiers, 3 helicopters, and 1 plane participated in actions against drug trafficking.

Beginning in January of this year, the seat of operation "Marte" was moved to Badiraguato, Sinaloa, and the "Canador" plan began with the participation of approximately 1,829 soldiers.

The report details other operations in Guerrero, the "EMCA" [expansion unknown]; in Chiapas Operation "Triangulo;" Operation "Zacatecas" in that same state; and Operation "Agua Prieta" in Sonora. In total, the report shows that 179,000 marijuana and poppy plantations were wiped out; and 135,000 kg of marijuana,

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441,000 kg of cocaine; and 4,000 kg of poppy, among others, were destroyed.

Regarding the change of military training focus, it includes the incorporation of the human rights subject in the training of soldiers.

Concerning the military doctrine, Article 49 of the Interior Regulation of Sedena was amended and appended, and 22 manuals, information bulletins, as well as operation, organization, and functioning guidelines of different actions or institutions of the Armed Forces were approved.

Reaction Forces

The PGR established in its 1994-1995 annual report that it has reaction forces that, according to PGR sources, are located in bases along the northern border to prevent the passage of drug traffickers.

Reaction forces, which appear under the section of "Interdiction" in the PGR report, are added to the fleet of 154 aircraft the PGR has to detect and pursue foreign aircraft transporting narcotics.

Members from the Secretariats of Defense, the Navy, and Communications and Transportation complement the tasks of the reaction forces.

Regarding internal controls, it was established that 46 PGR members were found to be drug addicts.

Study Shows Illegal Border Crossings Up 54 Percent

PA2409014295 Mexico City LA JORNADA in Spanish 22 Sep 95 p 45

[Report by Jorge Alberto Cornejo and Antonio Heras]

[FBIS Translated Text] Tijuana, BC [Baja California], 21 September — According to a study conducted by the Immigrant House located in this border, from January to date, the number of heads of household who leave their homes in the poor urban neighborhoods to seek jobs in the United States has increased to 54 percent.

Raul Ramirez, manager of the Escalabrini House, better known as the Immigrant House, explained that, contrary to what Jorge Bustamante, president of the Northern Border College [Colegio de la Frontera Norte] (Colef), said, the number of Mexican migrant workers who try to illegally enter the neighboring country increased as a result of the economic crisis.

The Colef insists that migration prices went up and that this is why the number of fellow nationals who leave their places of origin to seek better job opportunities decreased.

However, Ramirez affirmed that, starting in January 1995, there has been a noticeable increase in the number of heads of household who leave their homes to attempt to illegally reach the neighboring country and seek employment. This is why the frustration these people have when they are arrested represents a double moral burden as they fail to achieve their objectives and as they lack the resources to meet their families' demands.

He also pointed out that the surveys the Immigrant House has conducted show that peasants are no longer currently trying to cross the border; former residents of the poor urban neighborhoods are. As far places of origin are concerned, he added, the immigrants of Jalisco are in first place, followed by those of Mexico City, Sinaloa, Guanajuato, and Oaxaca.

Meanwhile, Antonio Garcia Sanchez, Baja California Human Rights ombudsman, underscored that migration requires joint actions by Mexico and the United States in order to grant direct support to deportees and for this phenomenon to stop being seen as a synonym of crime.

Interviewed in Mexicali, he denied that the authorities of the two countries hinder migration flows and explained that the concept of protection to migrants improved beginning with the inception of the Beta Group at the Tijuana border.

Garcia maintained that the large and alarming presence of immigrants attracts common criminals and illegal alien smugglers and "allures corruption in policemen, which is a situation that must be stopped" through a strict control of people who join the police bodies.

Commission Document Signed With El Salvador

PA2309190995 Mexico City XEW Television Network in Spanish 0430 GMT 20 Sep 95

[From the "24 Hours" newscast]

[FBIS Translated Text] The secretaries of foreign relations of Mexico and El Salvador, Jose Angel Gurria and Ramon Gonzalez, respectively, signed today the final document of the first meeting of the Mexico-El Salvador Binational Commission. They pledged to work together in the area of human rights, immigration, and fighting drugs.

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El Salvador

Deputy Minister: Parity With NAFTA Denied to El Salvador

PA2509030395 San Salvador EL DIARIO DE HOY in Spanish 23 Sep 95 p 11

[Report by Ingrid Rodas — quotation marks as published]

[FBIS Translated Text] Deputy Economy Minister Rene Leon reported to ECONOMIA Y NEGOCIOS yesterday that the parity with NAFTA, the agreement between the United States and Mexico, that would permit Salvadoran products to enter the United States under the same conditions as those of Mexico was all but denied to El Salvador.

"We are not doing well with this issue, because the hope we had of the parity being approved along with the U.S. Budget Reconciliation Act failed to bear the expected results," he said.

Leon said the parity law had been included in the U.S. General Budget Bill in an effort not to subject it to detailed revisions, as it was part of a much larger document.

"In addition, we were interested in having the parity immediately approved. This led us to include the document in the budget bill, because we knew it was a bill the U.S. Congress needed to approve urgently," Deputy Minister Leon added.

He also said it was not that the parity was not granted to the country. It was that the parity bill was removed from the U.S. General Budget Bill.

"This fact, in my particular opinion, constitutes a serious problem, because it will be difficult to again include the parity bill in the budget. I am pessimistic in this regard. I believe it will not be included again now that it was removed, at least not during this administration," he said.

Leon affirmed that removing the NAFTA parity bill will worsen the deviation of trade and investments taking place in El Salvador and the entire Central American region, asserting that the many owners of the country's free zones had reported that several clients of them were migrating to Mexico.

"When the clients arrive in the country, they are aware of the operation conditions of this industry and realize there is no longer the possibility of obtaining parity. They would rather go to Mexico," the government official said.

He said many clients of these industries have already learned the parity was withdrawn from the general budget bill and have opted to move to Mexico. "We are almost certain the parity will not be approved," Leon said. "This will limit the growth in the country's textile and manufacturing sectors. It will also leave us exposed to new calls for quotas, thus also limiting our industry's growth potential. Finally, it leaves us exposed not to risks but to more trade deviations from our countries," the deputy minister said.

He went on, however, that despite the results we obtained in these negotiations, there is a "small" margin to have the document reinserted in the budget bill. He said the country will continue to lobby U.S. congressmen in order to have the document again included in the budget bill. He said: "We have no choice but to seek other administrative alternatives and wait—we do not know how long—to see whether the problem is resolved," the economy expert said.

Political Pressure Withdrew the Document

Deputy Minister Leon said the document was withdrawn from the budget bill due to political pressure exerted by both U.S. congressmen and businessmen. "A prominent U.S. businessman exerted the first pressure on one of the most prominent U.S. congressmen," he said. He recounted that this businessman, whose name he did not mention, visited the congressman, whose name he chose not to reveal, and made him note "that approval of the parity would adversely affect sources of jobs in Mississippi, Kentucky, and Louisiana, the states in which he has more investments, and the loss of votes the approval of the parity could trigger.

Another pressure, Leon insisted, was the fact there was a group of 50 congressmen and senators who opposed the parity and who warned the official who drafted the budget bill they would withdraw their support to the budget bill if the parity was included in it.

Furthermore, the Salvadoran official said, the U.S. domestic political element played a significant role. "The budget about to be approved implicitly contained substantial cuts to social aid programs, a factor which was used as a pressure mechanism.

"The opposing congressmen warned the official responsible for the budget that his document included sacrifices for the U.S. people, as it reduced social aid programs, and, at the same time, included a parity document that would make then lose fiscal revenues of $750 million or $800 million," Leon said.

He said, once more, "we have fallen victims to the U.S. domestic policies, as was the case a year ago when we tried to join the Interim Trade Program, which was a parity document linked to the approval of the results of the GATT Uruguay Round."

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Article Views Fullfillment of Peace Agreements

PA2209201995 San Salvador EL DIARIO DE HOY in Spanish 20 Sep 95 p 4

[Report by Grace Correa]

[FBIS Translated Text] Representatives of the government and the former guerrillas have said that the peace agreements have been virtually completely fulfilled and the only pending points are those pertaining to human settlements, reintegration to society, and establishment of a fund for the war disabled.

General Mauricio Vargas, presidential commissioner for the fulfillment of the peace agreements, said that they "have been 95 percent fulfilled."

Miguel Saenz Varela, deputy of the Farabundo Marti National Liberation Front (FMLN), however, said that some pending agreements, such as reintegration to society and the human settlements, could provoke protests among certain segments of the population.

According to the document on the implementation of the peace agreements to which EL DIARIO DE HOY had access, with regard to fulfillment of the work schedule, "certain areas remain untouched," Deputy Saenz noted.

The deputy added that an assessment of the agreements, pending ones as well as the fulfilled ones, will be made to establish a new timetable.

Rodolfo Parker, member of the Peace Foundation (Fundapaz), said that the agreements have been fulfilled "beyond imagination" and only operational matters pertaining to certain programs are pending fulfillment.

Parker pointed out that complete fulfillment has not been blocked by lack of resources or willingness, and he added that all this is is part of a process of change.

The Fundapaz member noted that perhaps certain sectors are voicing displeasure, because they have a wrong idea about the scope of the agreements.

Public Security

Vargas pointed out that among the fulfilled agreements is the registration [control actualizado] by the Personalities' Protection Division of the National Civilian Police (PNC) of weapons used exclusively by the armed forces to protect personalities of the government and the FMLN.

The military man pointed out that, pursuant to a resolution issued by the Special Evaluation Commission on 3 November 1994, officers from the defunct Executive Antinarcotics Unit (UEA) and the defunct Commission for the Investigation of Crimes [Comision de Investigacion de Hechos Delictivos — CIHD] were admitted to the executive and higher level courses of the National Public Security Academy (ANSP). Civilians who passed the ANSP admission tests were also admitted.

He added that the third recruitment call for the higher level of the ANSP was suspended until the Legislative Assembly approves the Police Career Law.

Land Transfer

Deputy Saenz said the delay in the process of issuing land deeds is due to bureaucratic problems, because there is "too much paperwork" required to register documents.

Saenz noted that the land transfer process has decreased "its rhythm significantly" to 3 percent.

According to the deputy, the plan was to issue 1,000 deeds per month, but only 161 were issued in September.

Vargas, however, said that appraisals, measurements, and negotiations, and above all, the isuance of deeds have been expedited to reach at least the 60 percent level by 30 April 1996. Owners will be paid as the land deeds are issued.

Human Settlements

The human settlements program is pending because the special plan for the transfer of human settlements has not yet been defined and the distribution of 12,000 colonys to the list of 621 beneficiaries compiled by Copaz [National Commission for the Consolidation of Peace] to participate in the urban human settlements program has not yet been completed.

According to Vargas, the transfer of all estates and assets, contained in the rural human settlements that are part of the special plan, is still pending.

Saenz pointed out that the special settlements plan established "special provisions" to regulate the social and productive property of the beneficiaries, and thus, the settlements program could be extended until June 1996.

Reintegration

According to Gen. Vargas the reintegration program has been virtually completely fulfilled, because the approved agricultural credit was distributed to former combatants and owners before 30 April.

Moreover, the distribution of credits to micro businesses that requested them within Plan 600 was completed.

Saenz said that the reintegration process has only been partially fulfilled because the technical agricultural

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assistance and the assistance to micro businesses have been "insufficient," because this training has not helped the beneficiaries "even to survive and much less to produce."

Vargas noted that still pending completion are the technical agricultural assistance program that was scheduled to close on 15 August 1995, the technical assistance program for micro businesses that is scheduled to close on 15 December 1995, and the scholarship program.

He added that the housing program within Plan 600 is in the process of being implemented as well as the construction of homes under the permanent housing program (Fundasal) [Salvadoran Development and Minimal Housing Foundation], in keeping with specific assignments, and also pending is completion of the progressive housing program of the UN Development Program whose closure was scheduled for 31 August.

Plan 600, Vargas pointed out, includes credits for housing and for micro businesses, and exclusive training for former FMLN combatants, and its completion is expected by 31 October.

Guatemala

Officials Deny Existence of Plot To Kill De Leon

PA2209145395 Guatemala City LA REPUBLICA in Spanish 20 Sep 95 p 4

[Report by Mynor Alfredo Cortez Estrada]

[FBIS Translated Text] In ruling out the existence of a plan to kill President Ramiro Carpio de Leon, Peace Commission (Copaz) Chairman Hector Rosada said "there are no backward groups that wish to kill a president" since, as far as the negotiations to bring peace to Guatemala is concerned, it is a honor for the president to sign such an agreement.

To carry out such a threat "one has to be sick," the official said, adding that as Copaz chairman, he must consult UN moderator Jean Aranult so that the latter can get in touch with Guatemalan National Revolutionary Unity (URNG) Commander Pablo Monsanto [Jorge Ismael Soto Garcia] in order to establish if he made the remarks attributed to him.

"I believe that murdering a president for signing a peace agreement is an aberration and even paranoid. I do not think that there is really anybody interested in killing the president, unless one is thinking that a group feels so aggrieved over the signing of a peace agreement that it decides to take that action," the official said.

According to remarks by the guerrilla leader in San Jose, Costa Rica, the Guatemalan president would be threatened to death if he signed agreements on agrarian and economic matters with the rebels during his mandate. The government delegation and the URNG representatives are currently discussing those points.

An AFP dispatch cited URNG Monsanto as saying: "The president sent word to the General Command that he can sign the agreements on agrarian and economic matters but could not because he would be a dead president, and he wants to conclude his mandate" in January 1996.

In addition, Defense Minister Mario Rene Enriquez Morales said Guatemalans have a tendency to "spread rumors and believe them," and this is one instance of it. "I am not aware of any such situation, or that the security of the president is in jeopardy either. I learned about this from the news media."

He added that if the president signs an unconstitutional agreement, there are legal means to amend the laws that may be transgressed, and the president has the authority to request the changes to the legislative branch.

He noted that this situation is in no way related to the plot to kill the president uncovered on 30 June 1994. The authorities learned of the plot and located the place, but this time, this report is "just a rumor."

De Leon on URNG, Plot, Extradition of Espina

PA2209200095 Guatemala City Teleonce Television in Spanish 0400 GMT 21 Sep 95

[From the "Telepress Newscast"]

[FBIS Translated Text] Guatemalan President Ramiro De Leon Carpio termed absurd the reports which claim he would abstain from signing peace accords with the URNG [Guatemalan National Revolutionary Unity] because he is afraid they would try to kill him. De Leon Carpio said it is also untrue he sent an emissary to discuss the situation with members of the URNG leadership. This was the president's first reaction to the reports which circulated based on a statement attributed to a member of the guerrilla general command.

[Begin recording] [De Leon] First of all, it is totally untrue, absolutely untrue, that I sent a messenger in March or May, I do not know how, to notify the guerrilla group. If I had had any knowledge about this I would have notified the local media and I would have notified the presidential staff and those who are in charge of the president's security. In other words, it is absolutely untrue that I sent a message; it is totally untrue that we know about a plan; and it is also absurd to think I would not sign an agreement on such an important topic because I was afraid to die.

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I have never been afraid to die. Never. If God is with me, how can I be afraid? I have proved that I am not afraid of this many times throughout my life. It is absurd to think I would not sign an agreement on the social, economic, and agrarian issues for this reason. I repeat: It is totally and absolutely untrue that I sent a messenger to notify the guerrilla groups about something. It is absurd. It is actually a laughable matter.

Moreover, we would have a reply by now. Peace Commission Chairman Doctor Hector Rosada has already contacted the moderator, Mr. Jean Arnault, to send us a reply because we believe this is not what was said. At the forum the guerrilla commander officially said something else. He said we would probably sign an agreement on substantial issues and the peace accords would be signed early during the next administration, once we reached an agreement on operational issues. Consequently, we believe it is strange that, having officially stated this at the forum in Costa Rica, he later gave a statement to a correspondent. That is why we are asking if he really said this or not. We believe he did not. However, even if this had actually happened, I categorically reject this. It is totally untrue that we know about a plan.

[Reporter] [Words indistinct] to sign the agreement, which has taken so long. That is what this type of statement implies.

[De Leon] No, none. However, it involves a complex and difficult topic, as it has always been said, just as the agreement on the Indian people's identity and rights. Remember. It took some time because those are tremendously complex issues. The next topic, meaning the Army's role in democracy is also a complex, difficult topic. The social, economic, and agrarian topic is particularly difficult because, logically, it affects powerful economic groups, and they are not certain how it will be signed. However, I think the whole population is calm and it feels sure the president of Guatemala will not sign just any document. I am quite aware of my role. If that delays peace, what can we do?

However, we are clearly aware of our role. There is no pressure, there is only concern, logically, about the topic, because it is a critical and complex topic; but I am sure we will settle this topic. There are two or three points which must be solved and, once solved, I believe the agreement can be signed. [end recording]

De Leon Carpio's statements were given when he attended a meeting of the Presidential Commission for the Coordination of Human Rights Affairs, Copredeh. The meeting, held at the Copredeh general headquarters, was attended by the president of the Republic, the government and national defense ministers, the deputy foreign minister, the attorney general, and the Copredeh chairman.

One of the issues that was thoroughly reviewed in the discussions was the one dealing with the impunity problem, which is mentioned as one of the main factors for the crisis within a national context, according to a report from the UN Mission for the Verification of Human Rights in Guatemala, MINUGUA. Today's meeting is precisely the first held at this level since MINUGUA stated its opinion on the manifest ineptitude of certain state agencies, including the Attorney General's Office, to respond to the citizens' demands for a prompt and trustworthy management of justice.

The meeting held at the Copredeh installations allowed participants to review the circumstances surrounding the case of former Guatemalan President Jorge Serrano Elias regarding an extradition request denied by the Panamanian Government and a new extradition request, which President Ramiro De Leon talked about.

[Begin recording] [De Leon] We are going as far as we can go both internally and externally. The problem of an extradition is that it not only depends on the country requesting the extradition but depends on the country where the extraditable person is staying. Since the beginning... [pauses] I will repeat something I have already said on many occasions. I would certainly like to extradite someone who should be tried here in Guatemala and even investigate his properties. He should, of course, be tried for more than a dozen alleged crimes he committed, some of them clearly visible, such as the case of former Vice President Gustavo Espina, who is accused of violating the constitution. The extradition, however, is not easy. We have resorted to legal and political mechanisms and arguments, but there are regulations for this extradition and we have been unable to do it, but it has not been for lack of will or for the lack of an agreement. We have simply been unable to do it yet.

[Reporter] Could there be diplomatic rapprochements with the Panamanian president to achieve his extradition?

[De Leon] Since the Panamanian president was sworn in, he told me that any situation within the legal framework would be accepted. The thing is that there have been legal obstacles and these legal mechanisms cannot be disregarded.

[Reporter] Have all resources been exhausted?

[De Leon] They have not been exhausted, we have only used them. These resources have definitely not been exhausted because a resolution rejecting the extradition has not been issued. The mechanisms are being used

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and they should continue to be used precisely now with the alleged arrival of the former government minister because as soon as he shows up, he will face an arrest warrant. Now that we have once again talked about the case, I have wanted to rapidly learn about the status of the extradition.

[Reporter] What actions can the government take in addition to the measures that have already been adopted?

[De Leon] We have adopted the actions stipulated by law, both nationally and internationally. We have also taken the diplomatic actions you mentioned. We have once again asked the Panamanian Government about this situation. [end recording]

COPREDEH's Impartiality Questioned

95CA0388A Guatemala City CRONICA in Spanish 1 Sep 95 pp 23-24

[Report by Silvio Rene Gramajo and Evelyn Blanck: "A Presidential 'Dry Cleaner'"]

[FBIS Translated Text] Because it is responsible for providing followup and advice on human rights to the executive branch, the Presidential Commission on Human Rights (COPREDEH) has become one of the most controversial government agencies. Among the charges leveled at it is that it has done nothing but whitewash the Guatemalan Government on the international level, both in connection with cases occurring under the present administration as well as its predecessors. The Office of the Human Rights Ombudsman (PDH) has notified the agency that it has gone beyond the scope of its duties, encroaching upon areas which the Constitution assigns to the Magistrate of Conscience. Adding insult to injury, it is accused—not only in Guatemala, but internationally as well—of being a commission that represents the interests of the Armed Forces rather than those of the executive branch itself.

Change of Habit

"The nation's president has failed to keep the peace accords in that, far from ensuring that institutions such as the Office of the Human Rights Ombudsman be strengthened, it has thrown its support to agencies such as COPREDEH, Ombudsman Jorge Mario Garcia Laguardia said in a report published by the press. This in addition to charges leveled at the Presidential Commission by other groups and sectors, including one to the effect that its work has gone astray.

The government agency was created under the administration of Christian Democrat Vinicio Cerezo. At the time, the Mutual Support Group (GAM) introduced a measure creating a commission for the purpose of investigating several missing persons cases. This in turn led to the establishment of the Presidential Human Rights Advisory Commission (COPADEH). In July of 1991, now under the administration of Jorge Serrano and at the request of independent human rights expert Christian Tomouschat, COPADEH was done away with and, in its place, the Presidential Commission on Human Rights (COPREDEH) was created. The latter formally embarked upon its duties on 1 February 1992. Since then, one of the commission's responsibilities has been to coordinate action taken by ministries or organs of the executive branch in order to implement the policy of protecting human rights promoted by the president. Another responsibility is to establish followup procedures and investigate the violation of rights and legal proceedings derived from them. Additionally, it is the agency responsible for representing the government before international human rights organizations.

Many activists in this area nevertheless believe that the commission's actions do not currently respond to its guidelines. Garcia Laguardia believes that COPREDEH is an agency which, rather than advising the executive branch on the matter, has set about defending government policy at all costs. "The commission's action under the Serrano administration concentrated on defending the government's image in Geneva, a focus that has not changed with the current administration," he charges. Ronalth Ochaeta, from the Human Rights Office of the Archbishop (ODHA), charges that COPREDEH officials "try to defend the government and, to top it all off, do so poorly."

However, it is not only in Guatemala that concerns are voiced about COPREDEH's work. Monica Pinto, UN expert on human rights for Guatemala, said in her 1994 report that this presidential entity "should avoid the facile temptation of confining itself to presenting an image of the country that does not coincide with the facts." Groups such as the Association of University Students (AEU) believe that COPREDEH's bias can be seen by analyzing action taken by the agency in the case of student Mario Alioto Lopez Sanchez.

AEU General Secretary Manolo Vela says the response from the Presidential Commission on Human Rights to the request to have the case accepted before the Inter-American Human Rights Commission of the OAS (CIDH) has turned it into an agency that tacitly supports violations. In the section to which the student leader refers, the COPREDEH document states: "It is interesting to see how the claimant mentions a period of time that coincides with the years of the internal armed confrontation. It would appear that they [as published] are indirectly admitting that they are opponents of the system and are connected with insurgent factions inasmuch

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as, if they allege that the government has persecuted them for 30 years, it is simply because they are on the side of the 'illegitimate forces' against which the government's 'legitimate forces' have fought." Vela adds: "The commission practically ends up accepting the fact that the government murdered our comrade."

Inside and Outside

The accusations are different in the case of Garcia Laguardia. The Magistrate of Conciencia notes that COPREDEH should advise the executive branch not to commit human rights violations and is guilty of the sin of omission. According to the ombudsman, the executive branch has violated the overall human rights agreement by not strengthening the Office of Human Rights Ombudsman, a matter the Presidential Commission has not addressed. In addition, Garcia Laguardia sees the support which the executive branch has given COPREDEH as inexplicable, particularly with respect to the budget. The ombudsman says he does not understand how the government agency can have regional headquarters in the interior when the PDH has had to struggle along on the same budget for the past two years. Garcia Laguardia also points to COPREDEH's ineffective compliance with PDH resolutions. "The report presented to Congress this year establishes that the president is the official with the worst record on compliance," the ombudsman notes. Among the mandates not obeyed, the congressional committee member mentions the dissolution of the previously named Civil Self-Defense Patrols and the removal of Minister of Interior Danilo Parrinello and National Police Director Salvador Figueroa at the proper time.

However, since the Serrano administration, the government has been accused of obeying the guidelines of the president's staff. One of the factors that has seemingly given rise to this interpretation was the presence of Lieutenant Colonel Otto Noack as the president's representative under the administration of former COPREDEH President Jorge Cabrera. Indeed, in her most recent report, Monica Pinto emphasizes that COPREDEH "must bolster its status as a civil institution." Even if it does claim that the number of military men on the commission is lower, human rights activists claim the opposite is true.

Before No, Now Yes

COPREDEH President Vicente Arranz denies the accusations leveled at his commission. The official points to work done in the Office of the Human Rights Ombudsman during the term of De Leon Carpio, denying actions threatening the work of Garcia Laguardia. "I will never pit the prosecutor against the ombudsman or the Office of the Human Rights Ombudsman," he says. In the meantime, he notes that he has appealed to Congress to increase the agency's budget. As for charges that he has not enforced the ombudsman's resolutions, Arranz says the commission has worked hard in that direction. "Parrinello's departure from the Ministry of Interior was not due solely to alleged anomalies in the purchase of several radio patrols. The PDH resolution also played a role," the president of the government agency said.

With respect to cases taken before international organizations, Arranz insists that COPREDEH has no interest in whitewashing the man in power. This is his attempt to rebut the claim made by university students that the entity stands behind violations by the government. "In the case of Alioto Sanchez, what has happened is that a document can be interpreted in several ways, but what they tried to say was that there is a danger of infiltration in certain organizations, which is sometimes difficult to control," he said. Finally, the official rejected accusations of a so-called militarization of COPREDEH. "I asked for a list of all commission personnel and all those working for it indirectly, and there is no full-time military person on the staff," Arranz said.

Nevertheless, the fact is that among the organizations protecting human rights in Guatemala and abroad, COPREDEH has a different image: that of a commission worrying more about overseeing the good name and prestige of Ramiro de Leon Carpio than about protecting the human rights of Guatemalans. They base their hopes on a change in governments, which may now open the doors to a change in the agency itself.

'Lack of Evidence' Cited in Cases

95CA0388B Guatemala City CRONICA in Spanish 1 Sep 95 pp 30-31

[Report by Myriam Larra: "The Collapse of Two Cases"]

[FBIS Translated Text] For lack of conclusive evidence, the most sensational legal cases now ongoing could be dismissed.

Once more, the specter of impunity continues to hang over the country wearing the common denominator of crime. After six months of investigations and under the very nose of the Office of the Public Prosecutor (MP), two of the most sensational cases of recent times: the deaths of Alberto Antonnioti-Monge and Karin Johanna Fleischmann, are about to be dismissed for lack of evidence. The MP defends itself by saying that the dismissal or provisional closing of the cases stems from the unwillingness of witnesses to cooperate. Meanwhile,

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relatives of the victims claim that the entity headed by Ramses Cuestas Gomez has been unable to carry the investigations to their ultimate conclusion.

Fleischmann Case

The investigative phase of the trial for the murder of Karin Johanna Fleischmann Aguilar was completed. However, the prosecutor in charge of the case, Ramiro Coronado, filed a petition asking the First Criminal Court of the First Instance to extend the period of investigations, a petition that was denied by the competent judge, Nery Reyes Lopez. The incident resulting in legal proceedings occurred on 9 November 1994, when Karin Johanna Fleischmann and Ana Lucia Urrutia Villalobos were the targets of a series of shots fired, Urrutia alleges, by "a tan, goodlooking young man about 1.8 meters tall, wearing a short, 'mushroom' haircut," who presumably wanted to steal their car. Urrutia Villalobos suffered a minor wound in the arm, but Fleischmann died at a hospital in the capital within hours, the victim of a bullet to the head. Four months later, due to the intercession of Judge Anabella Valdes, who was in charge of the case at the time, Police captured Ricardo Ortega del Cid, the alleged perpetrator of the crime.

Just as the new Constitution stipulates, once the suspect had been arrested, the case was turned over to the MP, which had six months to present convincing proof. That period of time has lapsed, but despite heavy police deployment, the Office of the Public Prosecutor has still not found sufficient evidence to charge Ortega with the murder of Karin Fleischmann. Most of the accusation is based solely on the statement of Ana Maria Gonzalez, a transient passing by when the incident occurred. The other witnesses have refused to testify and are now out of the country. Given the lack of other probative evidence, the possibility exists that Ortega del Cid will very soon go free.

Incompetent Entity

Prosecutor General Ramses Cuestas Gomez states that the lack of evidence is due "to the witnesses' fear of testifying, caused by threats." Likewise, he states categorically that the evidence in the possession of his office is sufficient to accuse Ortega. However, by the close of this edition, the Office of Prosecutor General had still not filed a formal charge with the court and was endeavoring to convince the judge that it is conducting the case so that she will reconsider her refusal to grant an extension.

Eduardo Fleischmann, the father of Karin, is desperate and states that the MP does not have sufficient proof to convict Ortega, nor has it done anything to shed more light on the case. In addition, he states that one of the main obstacles to progress on the case has been the lack of resources. "In order to speed up the investigation, I had to make one of my own cars available to the prosecutor because the office does not have its own vehicles," he said. Coronado admits that what Fleischmann says is true. "Nevertheless, we are trying to conduct the investigations in a positive manner," he notes. And while time is slipping through the MP's fingers, Carlos Humberto Rivera Carrillo, Ricardo Ortega's attorney, is negotiating the latter's release, accusing the courts of holding him illegally.

Impunity

Another case about to be dismissed is that of journalist Alberto Antonnioti. According to Aida Marisuya, sixth judge of the First Instance, "the investigative period has already expired in this trial. We are waiting for the MP to formulate whatever petitions it deems necessary." Case Prosecutor Jorge Palacios Tanchez notes that to date, there is no conclusive proof against the accused, Elser Omar Aguilar Aguilar, "as a result of which a motion will be filed to dismiss the case."

Case proceedings began on 30 January of this year following the murder of Antonnioti, who at the time of the crime was accompanied by his daughter Ivanna, the only witness to the deed. "The killers were waiting for him. When my father got out of the car, unknown persons approached and, without saying a word, shot him twice," the witness says. Antonnioti died that night in a private clinic. Nine days later, police arrested Aguilar Aguilar as the alleged perpetrator of the event. The man arrested was also accused of committing another murder that same night. After the six-month period allowed for conducting the investigation, the MP has a positive identification from a lineup, autopsy reports, and the statement and admission of the defendant as a result of a police sketch made based on a description by Antonnioti's daughter. Nevertheless, Prosecutor Jorge Palacios Tanchez reports that "Ivanna has refused to continue cooperating, which shows her total disinterest in the trial."

The Office of Prosecutor General now apologizes for the lack of conclusive proof and argues that if Ivanna Antonnioti does not cooperate fully, the case will not be brought before a court of law and the man in custody will go free. The victim's son, Italo Antonnioti, also a journalist, is willing to go to any length to see that the murder of his father does not go unpunished. He also says that the ones who should be investigated are the authors of the crime, not just the triggerman. According to relatives, the crime could be related to Antonnioti Monge's suit against the Mexican firm Televisa for $1.5 million, an accusation never investigated by the Office of Public Prosecutor.

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Sitting and Waiting

"Guatemala has a truly antiquated police system. Public officials, the prosecutor general, and the Ministry of Interior live on lies," says Francisco Matias Tomas, the attorney defending Omar Aguilar. He also states that after all the years he has spent in the criminal justice system, he has realized that no investigation is ever conducted professionally. "What the police do is catch the first person they find and, in violation of his constitutional rights, jail him without the concrete evidence to do so."

Indeed, in these two cases, as in many others, the Office of Public Prosecutor has simply sat down and waited for conclusive proof to fall down out of the sky, as if it were manna from heaven! Evidence of this fact is that cases concentrate solely on witnesses' statements rather than on any other type of investigation conducted by the office. This attitude has given free rein to impunity in a country that should focus on its objectives in order to achieve a true peace within the framework of an effective system of justice.

Democratic Front's Realignment Noted

95CA0388C Guatemala City CRONICA in Spanish 25 Aug 95 p 28

[Report by Silvio Rene Gramajo: "A Shameful Name Added to the Front"]

[FBIS Translated Text] Accompanied by the leaders of the discredited PR [Revolutionary Party] and beset by numerous challenges, the New Guatemala Democratic Front (FDNG) has taken up the name of the discredited Revolutionary Party (PR). Even though the trade union and people's leaders say it has been totally rejuvenated, the new group nevertheless emerges with practices harking back to the past. Its failure to abide by principles, combined with somewhat undemocratic decisionmaking, and the snares laid by the Unity of Trade Unions and Popular Action (UASP) for other groups belonging to the organization are only a few of the accusations leveled at the group representing the left in the election process.

Taking the Bait

The UASP was the last organization to join the Front. The principles providing the foundation for the movement had already been laid and the FDNG publicly launched when the decision was made to form the trade union confederation. However, contrary to all expectations that its presence would finally unite the forces of the trade union and people's movement, its formation led to splits. The leaders of the Broad Front for Democracy and the Democratic Civic Movement (MCD)—comprised of several groups—began to be elbowed out. "The UASP swept all leadership posts, resulting in the exclusion of the representatives of other organizations," MCD member Oscar Clemente Marroquin said.

The internal fights reached such a pitch that eight groups withdrew from posts on the board, did not nominate candidates for elective posts, and many even abandoned the FDNG's ranks. Such is the case of Citizens for Democracy, the People's Support Group, and the Social Christian and National Conciliation Parties. Among other things, those displaced claim the UASP resorted to dirty tricks to gain total power. Mario Alfonso Bravo from Citizens for Democracy states that, in order to obtain hegemony, "the UASP managed to eliminate the consensus method and impose voting instead. Since they comprise a majority, they won the Front's leadership posts."

Nevertheless, Byron Morales from the UASP believes the causes of divisionism lie elsewhere. "The difficulty of reconciling group, personal and even family interests when it came time to choose candidates for elective posts resulted in a splintering of the organization," Morales said.

PR Dead, Long Live FDNG

Now, alone in their efforts, the last members of the Democratic Front have managed to arm themselves with an election platform which many view as necessary, but which many challenge. Marroquin, one of the movement's first presidential precandidates, maintains that the arrival of the PR was a decisive factor causing several groups to leave the FDNG. Others, like Miguel Angel Albizures from the MCD, wonder: "How is it possible to have come up with a profile that rejects groups and persons whose past challenges the principles of the Front and that now causes the UASP to unite with the PAR?"

In addition to these observations, those remaining in the Front demonstrate that politics is the art of the impossible. At its assembly on 20 August, the PR adopted the name and emblem of the FDNG. In addition, it proclaimed Jorge Gonzalez del Valle and Juan Leon Alvarado as its presidential and vice presidential candidates, a move that gives them the fastest track to registration. In the days ahead, UASP leaders and the new Front officials hope to legalize the party name change in order to file their candidacies. In the meantime, they are turning a deaf ear to accusations of getting out from under the leaders of the other groups in a fair fight and of participating in the elections through the aid of a party whose past tricks epitomize what they are presumably trying to change.

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Honduras

Southern Border—Gateway for Smugglers

95P21076 San Jose LA NACION in Spanish 18 Sep 95

[Report by Luis Alfredo Martinez; received via Internet]

[FBIS Translated Text] Tegucigalpa, 18 Sep (ACAN-EFE) — The southern area of Honduras, bordering Nicaragua, is the scene of frequent trafficking in arms, drugs, and illegal aliens, which even the police recognize as difficult to control, despite the recent successes.

The latest blow to the smugglers took place Friday at the Guasaule border post, where Andrea Gorini, an Italian, and Silvia Suacedo, a Mexican, were detained with a cargo of arms and munitions, which they were bringing from Nicaragua to Mexico.

Regarding the possibility that the arsenal was for the Zapatist Army of National Liberation [EZLN], in Mexico, Captain Jorge Caballero, deputy chief of the Public Security Force [FSP] in the southern city of Choluteca, said, "This is supposition; I cannot confirm that."

The FSP found weapons for every taste, including 30 rifles and 8,000 AK-47 rounds to one RPG grenade launcher and ammunition for nine mm caliber pistols.

Even though there was a list detailing the contents of the arsenal, the couple told police they did not know what the motor home, in which they were traveling, was carrying.

Guasaule is the most familiar point of entrance from Nicaragua for the trafficking of drugs, arms, and undocumented foreigners to Honduras, but the FSP admitted that only a small part is detected because the smugglers pass through unguarded areas at the borders, better known as "blind spots."

The official argued that "not even a soldier at each place" could stop the illegal traffic, and he indicated that the police have at least 25 important points identified along the border, but who knows how many more there are." The border between Honduras and Nicaragua is 700 km long—the most extensive in Central America—which makes it difficult to monitor.

In a recent operation in the southern sector, the FSP seized 60 weapons, 46 of which were AK-47's, and of these, 22 were confiscated from a businessman.

The FSP chief of staff, Colonel Julio Chavez, said that Hondurans travel to Nicaragua and El Salvador to buy arms from ex-members of the former rebel groups at reduced prices.

Referring to the "counterrevolution," which the Sandinists fought from Honduras against the Nicaraguan Government during the last decade, a police deputy chief from Choluteca told ACAN-EFE that "anyone has an AK-47, here. The problem is that after the withdrawal of the "Contras," the weapons stayed here."

Caballero explained that at present an AK-47 costs between 1,600 and 2,000 lempiras ($168-210), but "when the Contras were disintegrating", they were barely worth 200 to 300 lempiras ($21-31 at the current exchange). The official stressed that presently, "the business is in ammunition" for AK-47's because "only the weapons were sold," and now there is a need for the rounds.

In Guasaule since last June, 250 kilos of cocaine were seized in four different operations, the most recent of which took place last week, in which 120 kilos of the drug were seized from Guatemalan Ivan Mendez. Before that, Caballero said, 130 kilos of cocaine were seized from several Mexicans.

Undocumented foreigners frequently pass through Guasaule; they enter Honduras with the intention of going to the United States, and pay large amounts in dollars to the smugglers of illegal aliens to do this.

Sources from the Directorate of Criminal Investigation (DIC) said that between June and August, 88 illegal aliens and a number of Honduran, Guatemalan, and Nigaraguan traffickers were arrested in that sector. Of those detained, who were deported following their arrest, 54 were from Peru; 26, from India; and five, from China.

The sources said it is believed the illegal trafficking network operates from Panama and Costa Rica to Mexico, since in the case of the Indians, it was proven that they traveled legally along the Bombay-Amsterdam-Panama-San Jose stretch, but the rest of the journey to the United States is illegal.

The DIC has investigated the Directorate of Migration for suspicion that officials of that Directorate are accomplices in illegal trafficking.

[San Jose LA NACION in Spanish 19 Sep 95 reports Colonel Roberto Lazarus, chief of the Honduran Police, said that the weapons and munitions arsenal seized from Andrea Gorini and Silvia Saucedo at the Nicaraguan-Honduran border was destined for the EZLN in Mexico. He said: "In these documents, clues were found indicating that this was one of the many shipments headed for the Zapatist guerillas," and that they were waiting for larger shipments, and that other shipments had already gone through."

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[The cargo list included 30 rifles, 8,000 AK-47 rounds, one RPG-7 grenade launcher, 13 grenades, four Uzi semiautomatic machineguns, explosive fuses, several explosives, bullets for nine mm pistols, guns, loaders, and Fal rounds.]

Nicaragua

President Swears In New Health Minister

PA2409212395 Nicaragua LA PRENSA in Spanish 23 Sep 95 p 17

[Report by Celso Canelo Candia]

[FBIS Translated Text] Amid a very serious epidemiologic crisis, which could trigger a health catastrophe in the country, Dr. Federico Munoz was sworn in as health minister yesterday morning. He is replacing Martha Palacio who left the position to further her political activities. Dr. Federico Munoz, a gynecologist, was sworn in by President Violeta de Chamorro at the presidential residence.

The new health minister, who used to be deputy minister, will have to confront four full-fledged epidemics that are affecting the entire Nicaraguan population: cholera, classic and hemorraghic dengue, and malaria.

According to MINSA [Health Ministry] officials, the biggest problem Dr. Munoz will have to face is that this year's budget has already been spent and, thus, the ministry does not have the economic resources to implement a possible state of emergency in the country's health sector.

An official who asked not to be named, said that the situation is very critical, but that due to the impending electoral period, officials have lessened the priority attention given to health issues during the past months, and such problems have been placed on the back burner.

I ided that although the country is at the doorstep of a health catastrophe, neither the government nor the civilian sectors are interested in fighting the epidemics that are currently hitting the population.

On his part, Dr. Alvaro Ramirez Vanegas, chief of the epidemiology surveillance office, has asserted that 15 people have died of cholera and two of hemorraghic dengue in the past three days.

"Up to now this year, we have had a total of 7,000 cholera, 10,000 classic dengue, and more than 30,000 malaria cases here. This is not a very promising outlook," Dr. Ramirez Vanegas commented.

LA PRENSA tried to find out who was going to replace Dr. Federico Munoz as deputy minister but no one at MINSA was able to answer our question. The only thing we were told is that Rosario Hernandez will continue as deputy health minister in charge of administrative affairs.

Vice President Fears Violence in Coming Elections

PA2209195695 Managua Radio Sandino in Spanish 1200 GMT 21 Sep 95

[From the "What's Happening?" newscast]

[FBIS Translated Text] Vice President Virgilio Godoy warned in an interview that aired on Channel 12's "Nicavision" news last night that the next electoral race will be dirty and violent. Here is an excerpt of that interview:

[Begin recording] [Correspondent] What is your impression?

[Godoy] My impression is that it would have [words indistinct] trying to define itself to fully embark on the electoral campaign. That is why you notice little activity now, and you hear a lot about discussions and meetings, and much is said about the possibility of pacts and alliances, conditions, etc. But all that remains to be seen, and it may not be until the first quarter of next year until we have a clear picture. The only thing we can notice — and I say it quite sadly — is that the oulook for the next electoral race is grim in two ways. The first is that it will be a very dirty campaign. Second, it has all the elements to become a violent campaign. We must move quickly to prevent that so the country does not [words indistinct] nothing else but violence [words indistinct] [end recording]

Army Chief: Supreme Court Reviews Military Cases

PA2309222795 Managua Sistema Nacional De Television Network 0200 GMT 20 Sep 95

[From the "National Newscast"]

[FBIS Translated Text] [Unidentified station announcer] The cases reported by the Tripartite Commission involving members of the military are being reviewed by the Supreme Court of Justice, Army Chief General Joaquin Cuadra stated.

[Begin Cuadra recording] Precisely, since some members of the Commission were not completely satisfied with the actions by the Army, the Army's judicial authorities or the Office of the Justice Advocate General, regarding the investigation of the cases reported by the Commission, what we did — which is the best we could do — was to remit those cases to the country's top court. These cases are currently being reviewed by the Supreme Court of Justice, the highest court of law of

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the land, a civilian and not a military court. It now has all the files the Tripartite Commission studied so that it can issue a ruling. That is the best sign we can give of our open-mindedness on human rights matters, particularly with regard to the handling of the cases that the Tripartite Commission has reviewed. [end recording]

Correction to Interview With Military Chief

PA2109163695

The following correction pertains to the item headlined "Interview With Military Intelligence Chief," published in the 21 September Latin America DAILY REPORT, page 18:

Column two, paragraph one, please make sourceline read:...Managua Canal Dos in Spanish 1600 GMT 17 Sep 95 (Tentative)...(correcting source)

Panama

Perez Balladares Returns From 'Successful' Trip

PA2309041795 Panama City Circuito RPC Television in Spanish 2239 GMT 22 Sep 95

[Statement by President Ernesto Perez Balladares at Paitilla Airport, Panama City, on return from U.S. and Asian tour — live relay]

[FBIS Translated Text] Fellow countrymen, Panamanian people: After three long weeks away from here, I have returned to the country with heartfelt satisfaction. My main satisfaction is, undoubtedly, that we have accomplished our objectives. [applause]

Friends: Be sure: We have fulfilled our goal. I say we because neither I, nor the ministers, nor the administrator of the Interoceanic Region Authority, the people who represented our country, were the only ones who accomplished the goals. The legislators of the government and opposition parties and the representatives of business groups also went to show the world Panama's new face. [applause]

We all went to the other side of the world, unblemished by political sectarianism. We all worked to secure the best for this country, which is the country of all the Panamanians. We can say also with satisfaction that the days of state-paid pleasure trips are over. [applause]

The foreign and local media, radio and television, have broadly covered this work-tour that today, thank goodness, concluded. In spite of the coverage provided by media reports, the Panamanian people have the right to be informed of all the details of the trip from the president himself. They have the right to know what agreements were reached, what goals we had, and what goals we secured.

Monday, I will appear before the National Assembly to fully report on my tour so that the nation may know, through the Legislative Assembly, all the details. I do want to tell you something in advance: Today Panama's image is very different from what it was. [applause]

Now we are acknowledged as a respectable country, as a country where laws rule and where crime does not grow, as a country with open objectives, without hidden agendas, as a serious country that invites foreign investors to establish themselves among us and to make contributions to the country. We do not invite them, as was done before, to squeeze from them kickbacks and gifts for the people in the government. [applause]

I will report, of course, on some tangible and immediate results that soon will become evident in the form of important community works. All of us have returned with well-founded trust in our future and in the future of the fatherland. Doors that were closed are beginning to open for the benefit of the entire nation. [applause]

On behalf of my wife, the entire delegation, and myself, I thank you, friends who are here, I thank you for having come here this afternoon to give me this warm welcome. [applause]

Thank you, thank you. I am sure that through the media you have followed all the efforts we made abroad. This effort has been rewarded by this warm welcome from you. I cannot deny that thousands of kilometers from here I felt very proud to be a Panamanian every time I heard our national anthem being played and saw my flag waving. [applause]

You can be certain that in spite of all the honors, receptions, and banquets offered to us, which I very much appreciate and for which I stated my gratitude, not on my behalf but on behalf of my people and my country, Panama, neither my wife nor I have a bigger satisfaction than this: returning home. [applause]

Companeros and friends: Now we all have to turn our hopes into reality. I will redouble my efforts as of today. I want all of you, all Panamanians, to put our hearts to the task of building a fatherland we all want for our children.

Thank you for everything. Thank you for this welcome. Thank you. [applause]

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Foreign Minister Reviews Presidential Tour of U.S., Asia

PA2509041295 Panama City LA PRENSA in Spanish 23 Sep 95 p A-1

[Report by Manuel Alvarez Cedeno]

[FBIS Translated Text] Panamanian Foreign Minister Gabriel Lewis Galindo said yesterday that during the presidential tour of the United States and Asia, they had promoted the transition of the Canal to Panama, gotten Japan to increase its aid, and opened the Chinese market to Panamanian agriculture and manufactured products.

Lewis Galindo accompanied President Ernesto Perez Balladares on his tour and was an important facilitator at the meetings the president held with Democratic President Bill Clinton and with ultraconservative Republican Senator Jesse Helms in the United States.

According to the information rendered, another attainment was the increase of Japanese aid to Panama in the housing, road construction, and education areas.

"The tour was successful, because Panama is now in the economic and political geography and has achieved a level of international prestige," the Panamanian diplomat said.

Lewis Galindo said that in the United States, the U.S. Administration had reaffirmed its commitments included in the Torrijos-Carter Treaties, which were signed by both countries in 1977.

During the recent tour, authorities also approved a program to improve their struggle against drug trafficking and money laundering activities.

The foreign minister did not give details on the agreement reached with the United States to study the possible permanence of a U.S. military footing in Panama after the year 2000, an issue which has triggered contrasting positive and negative reactions in Panama.

The diplomat recalled that during this visit, the Panamanian group had obtained an agreement with Japanese authorities to review the alternatives to modernize the Canal.

They also gained the attention of large Japanese consortiums, such as Mitsui, Mitsubishi, and Kawasaki, whose representatives showed an interest in furthering large projects in Panama, especially in the areas of drinking water, the Canal, ports, and the modernization of the banking center.

During their visit to Taiwan, the Chinese Government promised to back health and financial projects in our country, and businessmen in Hong Kong and the Philippines expressed an interest in investing in Panama, the foreign minister said, but he did not give further details.

Nonetheless, political opposition sources have expressed their reservations about the success of the presidential tour and are awaiting President Perez Balladares' official report to the Legislative Assembly next week to comment further.

His political adversaries harshly criticized Perez Balladares, because just prior to leaving on the tour, he denied he would talk about a renegotiation of the military bases in Panama with Clinton, and the first thing he did when he got to Washington was to announce "exploratory talks" on the issue.

Foreign Ministry on Urgent Need to Update Canal Study

PA2309223895 Panama City EL PANAMA AMERICA in Spanish 22 Sep 95 p E14

[Report by Arnulfo Barroso Watson]

[FBIS Translated Text] Deputy Foreign Minister Omar Jaen said the former government is responsible for the existing "rush" to update the Study of Alternatives to the Panama Canal because it did not permit full coverage of all the terms of reference that were initially agreed upon by the Trilateral Commission for the Study of Alternatives to the Panama Canal [CAS], which examined the modernization of the waterway.

The official said, "I believe these studies are lacking in many aspects. The initial agreement included much broader terms of reference than those executed by the former government."

Jaen claimed that the existing rush could have been prevented had the Guillermo Endara's Administration demanded compliance with the initially agreed terms of reference.

Jaen added that during President Ernesto Perez Balladares' trip to the United States and Japan, he discussed this issue with his U.S. counterpart Bill Clinton and Emperor Akihito.

Jaen stated, "They reached the conclusion that it is very important to update the CAS studies. Both the United States and Japan agreed that it is necessary and urgent to update those studies."

Jaen said updating the studies was an important issue in Perez Balladares' agenda. Nevertheless, a specific agreement was not reached during the talks because this work should be carried out by experts from the three countries.

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Jaen pointed out that the world's economy has undergone changes over the past few years, and the studies should reflect this reality based upon the Panamanian people's needs.

Roberto Moreno, coordinator of the Study of Alternatives to the Panama Canal, announced on Wednesday that the CAS decided to obviate additional examinations of the alternatives and selecting the best choice due to delays and time constraints.

Official Views Proposed Revising of Reversion Schedules

PA2209234995 Panama City LA PRENSA in Spanish 22 Sep 95 p 1A

[Report by Vilma E. Figueroa B.]

[FBIS Translated Text] The U.S. Southern Command has formally proposed to the Panamanian Foreign Ministry revising the reversion schedule of some military installations in the Canal area. The proposed modification intends to move up the reversion process in some cases and move it back in others.

The proposal was handed to the Foreign Ministry, which will send it to the Interoceanic Region Authority [ARI], whose board of directors and Administrator General Nicolas Ardito Barletta will study it and make a final decision on the matter.

Juan Antonio Stagg, head of the Panama Treaty Affairs Executive Directorate, said the proposal moves up the reversion of the Tank Farm, located in Arraijan, to 1 September 1996.

According to the document presented to ARI, the Empire Range (training and maneuvers field in Nuevo Emperador), is scheduled to revert in 1999. Nevertheless, the document explained that steps are being taken to revert some 100 hectares to solve the land invasion problem in the sector.

As for Gorgas Hospital, Stagg said its reversion, slated for 1998, will be moved up to 1 December 1997.

It has been requested that Llanos de Curundu and the secondary school in this sector, which should revert to Panama in 1996, do so in 1999, considering that Diablo Heights and Los Rios reverted ahead of schedule.

It has also been reported that ARI Deputy Administrator Augusto Zambrano and Colon province authorities, including several National Police members, inspected the Fort Espinar and Fort Davis areas, because three days ago several undesirables cut and took away a section of the wire fence that surrounds the perimeter. The authorities reported arresting two of the intruders.

The Southern Command has made provisions to change the return schedule of five Canal Zone installations to Panama.

On 1 October, Panama will assume control of the Gamboa Fire Station on the Canal's Pacific side. As of this date, the station will be operated by the Panama Fire Department's firemen and emergency technicians.

The Southern Command presented the proposals to revise the reversions schedule to the Joint Committee in charge of these matters within the framework of the Canal Treaties, which the United States and Panama signed on 7 September 1977.

From 1979 to late 1993, the U.S. Army returned to Panama 420 buildings and 6,478 hectares, to which it will be necessary to add the installations that reverted this year, including Fort Davis and Fort Espinar, which include more than 700 houses and 1,790 hectares.

From 1996 to 1999, the United States will transfer 4,272 buildings and 31,175 hectares.

Opinion Poll Views Presidential Approval, U.S. Treaty

PA2209220395

[FBIS Editorial Report] Panama City LA PRENSA in Spanish on 20 September publishes a 16-page supplement called PULSO DE LA NACION, containing different reports on the results of an opinion poll conducted by the Dichter & Neira consulting company. In all, 1,210 persons from all over the country were interviewed from 8 to 10 September. The poll "has a margin of error of 3 percent."

The supplement, on page four, carries a 200-word report on how people answered the question of whether or not Panama should renegotiate the stay of U.S. bases. "The majority (69.4 percent) of those surveyed think that Panama should renegotiate the presence of military bases beyond 2000, whereas 22 percent oppose a renegotiation." In addition, 8.6 percent did not have an opinion or did not answer.

A 200-word report on page 8 contains the results of President Ernesto Perez Balladares' approval rating. According to the report, the president's approval rating has dropped from 72.6 percent in June 1995 to 65.4 percent in the September survey. "In the current survey, 54 percent of those surveyed rated Perez Balladares' performance as president as good, and 11.4 percent rated it as excellent. Moreover, 29.2 percent rate his performance as poor, and 4.7 percent rated his performance as very poor."

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Editorial Views Modernization of Canal as Priority Project

PA2509035895 Panama City EL PANAMA AMERICA in Spanish 23 Sep 95 p A-4

[Unattributed editorial: "To Modernize the Canal"]

[FBIS Translated Text] Ever since the steamship Ancon traversed our locks more than 80 years ago up to now, the Panama Canal has witnessed the transformation of sea cargo transportation using ever larger vessels in order to cheapen freight costs. Today, 7 percent of the world's commercial fleet cannot traverse the Panama Canal, whereas more than 20 percent is restricted to one-way traffic through the Gaillard Cut section, a point which slows down their trip.

Judging from that tendency, it seems unnecessary to indicate how essential it is to quickly proceed with the prompt implementation of the recommendations for an expansion. These recommendations were studies by a commission that was appointed for this purpose and that hired important consulting companies for traffic projections, route designs, financial analysis environmental studies, and characteristics of the operation, all of which will allow us to make the best use of our principal natural asset.

It is also unnecessary to make a reminder of the consequences the delay in the project would bring. Certain countries of the region have made studies on traffic alternatives between the two oceans. One of them is neighboring Costa Rica, which is investigating the use of 400 kilometers of a railroad between ports to compete with the Panama Canal.

Too much time has probably been spent casting doubts on the Panamanians' capability to administer the waterway, although their competency has been sufficiently proved, and very little time has been spent discussing the capability of the infrastructure of the waterway to continue as an instrument for future development. True, we have an extraordinary feat of engineering, but it could very soon turn into a museum piece of scant use without introducing changes to modernize it.

The modernization of the Canal constitutes a priority project within the national agenda. We need to reduce the time necessary to cross it, to improve the installations to repair and outfit vessels, to streamline the costs of operation to prevent toll hikes, and to offer alternatives for storage and cargo transfers to guarantee the competitiveness of the Canal. Otherwise, within the few years we have left before the end of this century, we will receive a ditch that will become a route of little value to the nation and the rest of the world.

Legislator Claims Witnesses Paid in U.S. Soldier Case

PA2209195795 Panama City Circuito RPC Television in Spanish 2300 GMT 21 Sep 95

[Report by Luis Alberto Jimenez; from the "RPC Television News" newscast]

[FBIS Translated Text] Legislator Gerardo Gonzalez has denounced that people are being paid to act as witnesses and other irregularities are being committed, which he claims, seek to involve his son with the killing of U.S. soldier Zak Hernandez.

During the news conference, Legislator Gerardo Gonzalez made reference to the U.S. authorities when denouncing irregularities committed against his son, Pedro Miguel Gonzalez, within the process aimed at solving U.S. soldier Zak Hernandez's murder.

[Begin Gonzalez recording] The witness, please tell us how much money you received? You, Francisco Degracia, and Delfina Castillo answered: $1,000 each. Judas' 30 coins were $3,000. When asked what for? Was it for the reward or because you were an eyewitness? The first answer was: for the reward. The alleged eyewitnesses are annulled with that kind of statement. What is left for them? The monstrosity they have created against me, not against my son, who is an inn cent victim, in that atmosphere of persecution and judicial terrorism staged by the current apparatus. [end recording]

Meanwhile, the U.S. Embassy described as ridiculous the statements made by Legislator Gonzalez and hopes that Panamanian justice will fulfill its legal procedures.

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Argentina

Menem Meets, Decorates Malaysian King

PY2209155695 Buenos Aires TELAM in Spanish 1939 GMT 21 Sep 95

[FBIS Translated Text] Buenos Aires, 21 Sep (TELAM) — Upon decorating King Yang DiPertuan Agung [paramount ruler] [Tuanku Ja'afar] with the Collar of the Order of Liberator General San Martin, President Carlos Menem today praised the excellent level of relations existing between Argentina and Malaysia.

The president said the decoration represents "a recognition, not only by the Argentine Government, but by the entire Argentine nation." He noted that the order had been created by [Argentine national hero] General Jose de San Martin, with the original name of Order of the Sun.

The ceremony was held at the White Hall of Government House. This was the first meeting between the president and the Malaysian king. Afterwards, they held a working meeting as part of the official visit that the king began yesterday.

This is the first visit by a Malaysian king to our country. Malaysia has been one of the fastest-growing trade areas of the world in the past 20 years.

Malaysia, with an area of 329,800 square km, occupies part of the Malay peninsula and Borneo island in southeast Asia.

The king, dressed in a dark grey suit, in a western style, his wife, Raja Permaisuri Agung [Queen Tuanku Najihah], and their children arrived at the Government House at 1130 today.

As a present, King Yang DiPertuan Agung gave Menem a chest with golden household utensils, representing friendship and respect among people and nations.

During a brief speech, the king described President Menem "as a great statesman who has managed to raise Argentina's position at the international level, establishing very strong ties of friendship and cooperation between Malaysia and Argentina."

The king emphasized "the progress achieved in our bilateral relations, which we have managed to successfully expand and enhance in a short time, not only in the trade and economic area, but in all areas."

After the decoration ceremony, Menem and the Malaysian king held a working meeting at the presidential office. During the meeting, they reviewed the bilateral relations and the measures designed to enhance the ties between the two countries.

Foreign Minister Guido Di Tella; Alberto Kohan, the secretary general of the Presidency; [Foreign Ministry] Coordination Secretary Andres Cisneros; [Foreign Ministry] International Economic Relations Secretary Jorge Campbell; and Argentine ambassador to Malaysia Eduardo Sadous were also present at the meeting.

President Menem will host a banquet at 2100 today to honor the Malaysian king and queen.

The visiting Malaysian king and queen will hold a reception for president Menem at the Alvear Palace Hotel on 22 September. They will travel to Uruguay on 23 September.

During the past five years, the ties with Malaysia have been enhanced by signing three trade agreements on payment guarantees, partial removal of visa requirements, and airline services, which prompted increased trade operations.

During the first 10 months of 1994, Argentine exports to Malaysia totalled $103.3 million, a 40-percent increase as compared with 1993.

Malaysia is among the world's 15 leading exporting countries. Malaysia's exports totalled about $70 billion in 1994. Concerning the Malvinas Islands issue, Malaysia voted for Argentina at the United Nations.

The Asian country supports our country's candidacy to become a UN Security Council member.

Cavallo's Agenda in Europe, United States Detailed

PY2309000095 Buenos Aires TELAM in Spanish 1905 GMT 22 Sep 95

[FBIS Translated Excerpt] Buenos Aires, 22 Sep (TELAM) — Economy Minister Domingo Cavallo will leave today for a one-week tour of Germany, Switzerland, the United Kingdom, and the United States with the purpose of explaining Argentina's economic situation to financiers and businessmen.

Cavallo, who is to leave at 1800, will begin his official visit on Sunday by dining with Dresdener Bank Chairman Jurgen Sarrazin in the German city of Frankfurt.

On 25 September, the economy minister and Financing Under Secretary Joaquin Cottani are to meet with Deutsche Bank Chairman Herbert Kopper in the morning, and at midday Cavallo will deliver a speech on the Argentine economic situation before the German business community.

In the afternoon, the Economy Ministry head will conclude his tour of Germany by holding a meeting with the Commerzbank board of directors. Cavallo

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will subsequently fly to Zurich, where Rainer Gut, the chairman of Credit Suisse board of directors, will host a banquet in honor of the Argentine economy minister.

On the morning of 26 September, Cavallo is scheduled to give a lecture to Swiss bankers and investors, and then fly to London, where he is to deliver an address about Argentina's current situation to representatives from English and Scottish pension and investment funds during a luncheon at Trinity House.

In the afternoon, Cavallo is to meet with Morgan Grenfel and Latin American securities managers of emerging markets investment portfolios, and in the evening, he will dine with David Mulford.

On the morning of 27 September, the economy minister will leave for New York, where he will make an exposition on Argentina's economic and financial situation before representatives from pension funds, including BEA Associates, Templeton, Soros, Alliance, Omega, and Oppenheimer.

Cavallo will subsequently participate in a luncheon with 200 businessmen and investors at the Waldorf Astoria Hotel. He is scheduled to attend a reception in the evening hosted by John Hennessy, chairman of the CS First Boston board of directors.

Also attending this reception will be the chairmen of J.P. Morgan, Chemical Bank, Citibank, Scudder Stevens and Clark, George Soros, Paul Volker, David Rockefeller, and representatives from the World Bank and the Federal Reserve.

On the morning of 28 September, the economy minister will fly to Boston, where he is to deliver a speech about the Argentine economic situation and to meet with managers from Fidelity, Scudder, and Putnam Trust. Cavallo is to leave for Los Angeles in the afternoon.

In this California city, the economy minister will hold several meetings on Friday with managers from TCW and Capital Pension Funds. Following a presentation about the Argentine economic and financial situation, he will return to Buenos Aires.

Cavallo's visit to the United States will coincide with the Fourth Conference of the Americas, a conference annually organized by the Dow Jones Company, the owner of THE WALL STREET JOURNAL, but which will be co-sponsored by Acer Corporation, AT&T, and Citibank this year. [passage omitted]

Reasons for Trip Viewed

PY2209231095 Buenos Aires LA NACION in Spanish 21 Sep 95 p 12

[Article by Eduardo De Simone]

[FBIS Translated Excerpt] One of the political objectives of [Economy Minister Domingo] Cavallo's whirlwind tour of Europe and the United States is to boost credibility in the Menem administration and in Argentina's economic future.

A close aide to the economy minister stated: "The idea is to sell Argentina once again by showing its ever-sweiling investment opportunities and the continuity of its policies, so as to reassure investors that there will be no rupture."

The timing of President Menem's decision to send Cavallo on a world tour has by no means been casual. The incumbent administration deems that the time of rhetorical signals about its decision to maintain the current model and those in charge of implementing it is over and that it is time it showed "concrete facts."

In other words, "the government should make a move that unmistakably shows that the coincidental interests of the top echelons of the government is not something that can be changed overnight."

Cavallo's team acknowledges that the uncertainty in which markets and foreign traders were plunged has not yet been totally dispelled. The economy minister considers that the gesture of trust expressed by [Buenos Aires Province] Governor Eduardo Duhalde and Cabinet Chief Eduardo Bauza in participating in the economic team's meeting in Chapadmalal is most significant. Cavallo is nonetheless aware that the fact that the president had to repeatedly confirm his continuance in office may very well produce an effect opposite to the one intended.

More than one businessman wonders whether it is possible to efface uncertainty when a climate characterized by mutual accusations by different government sectors is still prevalent.

Charges leveled against Hugo Gaggero, DGI [General Directorate of Taxation] head, are vying with the objections raised by Encotesa [National Enterprise for Mail and Telegraph, Inc.] to public bids within the Interior Ministry. Have the mid-level cadres of Menem's and Cavallo's retinue failed to take in the agreement reached at the highest levels of government?

Cavallo's aides had to explain right and left that Encotesa was not the one behind the objections to the

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public bid called by the Federal Police to make new identity cards.

The explanations of the Economy Ministry officials calmed Bauza and Interior Minister Carlos Corach down, but they proved insufficient to dissipate traders' impression that infighting within the government still persists.

A source close to the Economy Ministry said: "There is no trick to it — the entire government must act reasonably to convince economic agents that there are no changes on the horizon."

Cavallo will have a very busy schedule in Europe and the United States. [passage omitted] He expects to collect $2.400 billion for new privatizations. He will try to entice investors into purchasing many Argentine companies that are still run by the state. And, by the way, he does not want any political interference to dim the interest of investors in those assets.

Cavallo Announces Deregulation of Health Services

PY2209202395 Buenos Aires TELAM in Spanish 0044 GMT 22 Sep 95

[FBIS Translated Text] Buenos Aires, 21 Sep (TELAM) — Economy Minister Domingo Cavallo said today that company health associations will have to provide health care for all their affiliates because they will receive a guaranteed state contribution of at least 40 pesos per member.

The minister held a news conference during which he said: "A health association that is unable to provide this compulsory service will be given 60 days to merge with another association."

The funds to honor the 40-peso guarantee will come from an account the National Health Insurance Administration (Anssal) has been accumulating since 1992. This capital was formed from past contributions by health associations.

Cavallo gave details of the start of this deregulation process and explained that if a health institution does not solve its problems within 60 days "the Health Ministry will step in with a compulsive merger resolution or will order its liquidation."

Cavallo announced that the 2 percent obligation levied on interest rates that is being used to finance the Institute of Banking Social Services (ISSB) will be eliminated and the institute will be liquidated.

"The special fund used to finance the ISSB was formed using a tax on interest rates. The ISSB will be eliminated as soon as we can gather the money to face the cost of liquidation," which will spare the administration from further expenditure.

Cavallo said that bank employees must create a new association to receive ISSB assets and personnel.

Cavallo said that those entrepreneurs who participated in the Production Council meeting now support the agreement signed between the government and the CGT [General Confederation of Labor] to reduce health association contributions throughout the country by one point.

The minister explained: "Contributions used to be 33 percent of salaries. Of this, 27 percent went to the social security system and 6 percent to health associations."

Cavallo added: "We will continue to implement a reduction of between 30 and 80 percent on the 27 percent assigned to the social security system. The contribution for health associations will be reduced from 6 percent to 5 percent throughout the entire country."

The minister cited the case of the Federal Capital, where contributions will drop to 23.9 percent as of January, including the 5 percent for health associations; and of Formosa Province where contributions will drop to 10.4 percent including the 5 percent for health associations.

Cavallo said the government expects to receive $400 million in loans from multilateral financial organizations, which will be added to some $200 million provided by Anssal for the reorganization of public health institutions.

The minister said: "We are negotiating a $200 million loan with the World Bank and we will ask the Inter-American Development Bank to loan us a similar amount" for the same purpose.

The minister said deregulation will soon enable affiliated people to chose between different health associations within the public system. This limitation will prevent any competition with private health insurance companies.

Cavallo said: "There is no going back on this reorganization process. The program seeks to improve workers health services, reduce labor costs, and improve the employment rate. The program is complemented by measures to reduce interest rates."

The minister said the DGI [General Directorate of Taxation] is compiling a registry of workers affiliated to public health associations, which includes their families. The registry is considered an indispensable step before authorizing transfers to institutions.

Cavallo said his trip to the United States and Europe tomorrow "will not be used to ask for money, but to

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keep investors informed on government financial plans for this year."

Several Injured in Rio Negro 'Violent Distrubances'

PY2309034895 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2057 GMT 22 Sep 95

[FBIS Translated Excerpt] Viedma, 22 Sep (NA) — Violent disturbances occurred in Rio Negro Province today during a massive demonstration staged by workers from the public sector, resulting in damage to and fires at the legislature and other public buildings, looting of legislators' homes, and clashes with the Rio Negro Police.

The riots broke out this morning, when some 3,000 public servants staged a protest rally outside the legislature building to demand payment of salaries in arrears and to reject the possible proclamation of Governor Horacio Massaccesi as national senator. [passage omitted]

By mid-morning, the demonstrators managed to enter the legislature building with sticks and iron bars, smashing windowpanes and furniture, while security forces surrounding the building did nothing.

The most enraged individuals proceeded to the headquarters of the UCR [Radical Civic Union] bloc, located in an adjacent building, and continued ravaging the place, destroying pieces of furniture and computers and setting fire to files and folders.

The public servants then marched into government house, where they were repressed by police with tear gas and rubber bullets.

An undetermined number of demonstrators and policemen were injured in the clashes. They were rushed to the nearest hospitals.

While retreating, the demonstrators also caused damage to the Pension Fund headquarters, the courthouse, the Finance Ministry, and the Rio Negro Provincial Bank, and set fire to an armored vehicle and other cars.

Concurrent with this, a group of workers raided the home of Rio Negro Governor-Elect Verani in a residential neighborhood of the city of General Roca and looted the home of UCR legislator Remigio Romeras. [passage omitted]

Brazil

Cardoso Discusses Privatizations With Bankers

PY2209015795 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 21 Sep 95

[Report by Delis Ortiz in Bonn and Carlos Monforte in Brasilia — speakers identified by screen caption]

[FBIS Translated Text] On the final day of his visit to Germany, President Fernando Henrique Cardoso today discussed investments in Brazil. German bankers are interested in financing the Brazilian privatization program.

German investors who have already invested in Brazil are now facing another challenge: To invest in the northeast region. A good deal: They are going to invest $1 billion annually to collect $5 billion. Yet, Mercedes Benz wants its new factory to be located in the Mercosur [Common Market of the South] region.

Green Party members met with the president to convey their concern over the Amazon region. Liberals and Social Democrats became enthused with Brazil. It was as if Brazilians and Germans were speaking the same language.

Kurt Morgan of the Dresdner Bank summed up the thinking of the bankers by expressing interest in investing in infrastructural projects. They would like to finance the privatization program in Brazil.

After an eight-day tour of Europe, President Cardoso will be returning to Brazil convinced that EU-Mercosur relations are now stronger and after hearing promises of future investments and partnerships in Brazil. From the German businessmen, he received the fuel he needed to expedite the pace of privatizations in Brazil, which has been criticized by the Liberal Front Party.

As soon as he sets foot back in Brazil, President Cardoso will have to deal with urgent problems. During his 10-day trip, Congress acted as if it were frozen. It did not move a finger in favor of the administration's reform proposals, which will now have to pick up momentum again.

Furthermore, major issues such as the Economico Bank and the Banespa [Sao Paulo State Bank] require urgent solutions. For instance, the Sao Paulo bloc of deputies would rather deal with the devil than with Central Bank [BC] senior officials. This is another rebellion.

[Begin Deputy Helio Rosas recording] We do not want any more talk because we believe that the BC officials are unable to find a solution to the Banespa issue. [end recording]

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Another issue is the vote on the Social Emergency Fund [FSE], which the planning minister is time and again explaining and which will have a difficult passage through Congress.

Another problem is the high interest rates, which not only have provoked divisions among government officials, but have wreaked havoc among businessmen, and have stopped production.

Additionally, Cardoso will have to deal with the issue of rescheduling the debt of the state administrations, a dispute that will require dealing with prominent people who are staying on the other side of Planalto Palace.

[Begin Senate President Jose Sarney recording] It is neither an ideological nor a doctrinal issue, nor is it a political problem. It is a real problem and, therefore, it is our duty, as members of Congress and of the administration, to find a common solution to this problem. [end recording]

Fuerthermore, we are approaching October, when telephone, electricity, and postal rates and fuel prices are due to increase. All this will have an impact on the taxpayers' pockets.

President Cardoso will have only two days to rest after his trip. On 25 September, he will have to deal with the above package of problems, in addition to having to attend a cabinet meeting with the 27 governors, who will be coming to Brasilia to discuss the tax reform proposal.

Cardoso will have to deal with all these problems with his left hand, because his right hand Serjao [nickname of Communications Minister Sergio Motta] will have to rest for a long time. It is hoped that President Cardoso will return from Europe as excited as when he came back from the United States, when he said that it is easy to rule Brazil. Will he say that again?

Cardoso To Visit PRC To Promote Dam Technology

PY2209152795 Sao Paulo AGENCIA ESTADO in Portuguese 1936 GMT 21 Sep 95

[Report by Milton F. da Rocha Filho]

[FBIS Translated Text] Sao Paulo, 21 Sep (AE) — The main reason for President Fernando Henrique Cardoso's trip to China at the end of the year will be to promote Brazilian technology in the construction of large hydroelectric power plants. He will lobby for the national civil construction industry, as is normally done by the presidents of the Americas. The project for which Brazilian companies are competing in China is the Three Gorges Hydroelectric Power Plant, on the Yang Tse River, which involves $16 billion.

The business is so attractive that Brazilian companies will unite in four large consortiums of constructors, consultants, industrial equipment assemblers and enterprises specializing in installation of industrial facilities, and equipment manufacturers.

These groups are subsequently united in a single large consortium called the Three Gorges Brazilian Joint Venture. This consortium expects to be awarded a major part of the construction of the plant. Entrepreneurial circles thus believe President Cardoso's trip to China is very important.

Brazilian entrepreneurs are currently helping the Chinese with technical details of large hydroelectric power plants, using particularly the technology of the Itaipu plant on Parana River, the world's largest plant. Three Gorges will be larger than Itaipu.

Relations, 'New Dialogue' With Germany Viewed

PY2209153995 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 21 Sep 95 p A3

[From the "Notes and Information" page: "The Return of Germany"]

[FBIS Translated Text] President Fernando Henrique Cardoso has once again shown the considerable importance he attaches to international affairs by making a trip to Europe with the backing of an economy that is in a stabilization phase. His excellency probably feels much more comfortable on missions of this type than when managing the economic policy. The president is sure that Brazil's current role in the international arena is much more convincing than the role it played in the years when it was not considered a "serious" country. The courtesy that the president received in the capital of the EU has encouraged him to begin a new dialogue with Germany, a country that plays the role of moderator to prevent Europe from becoming a fortress.

During his visit to Bonn, President Cardoso paid particular attention to the importance that the Germans attach to environmental problems, to demands by German officials to discuss secondary matters at the United Nations, and to the intense offensive that German industry intends to unleash through a fair scheduled to be held in Sao Paulo in November.

Brazil, which decided to consolidate its new environmentalist position at the Rio-92 World Environment Conference, had to admit that the event failed. During the conference, a vast program of international community support for the countries implementing major

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environmental preservation programs was announced. But apparently nothing has done beyond intentions. The Germany of the "greens" has now become the most appropriate country for the reactivation of the spirit of the Rio-92, a role that Chancellor Helmut Kohl was pleased to accept, in order to strengthen political support.

It is not only in the environmental sector that the two countries have similar interests: The achievement of a permanent seat on the United Nations Security Council is another objective shared by the two governments. Germany refuses to permanently play the role of a defeated nation, at a time when it is exercising an increasingly important role in the international arena. Germany believes it should have a say in the decisions by the United Nations Security Council, next to large nations. Brazil does not agree with the predominance of five countries in the management of international policy either, at a time when two continents, Latin America and Africa, are not allowed to participate. Brasilia-Bonn cooperation is consolidating on the eve of a German offensive to strengthen its economic position in Brazil, a country that has opened its borders. After World War II, Bonn expressed the strongest interest in promoting investment in Brazil. For some years now, however, the Brazilian market has apparently not been that attractive. The potential of Mercosur [Common Market of the South] (all indications are that it will join the EU) has now reactivated German interest.

Lampreia Notes Investment Protection Accord

PY2309031495 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 22 Sep 95 p A5

[Report by Odail Figueiredo]

[FBIS Translated Text] Bonn — According to Brazilian Foreign Minister Luiz Felipe Lampreia, the investment protection agreement signed yesterday by the governments of Brazil and Germany will probably promote a larger presence in Brazil of small- and medium-sized German companies with advanced technology. Five executives of leading German companies having investments in Brazil met with President Fernando Henrique Cardoso and endorsed Lampreia's opinion.

Siemens President Hermann Wever said: "Small- and medium-sized companies control many technological areas in Germany. It is our objective to take them to Brazil through partnerships with Brazilian companies." This task will have to be conducted by chambers of commerce consisting of businessmen from both countries.

According to Wever, Cardoso considered it important for new investments not to be concentrated in the south or in the southeast, but that they be focused on poorer areas such as the northeast. Wever said that because electricity is readily available there and there is a large work force, and because it houses two petrochemical centers — Aratu and Camacari — the northeast is attractive for German investors.

The agreement signed yesterday provides that investments by individuals or companies from either country will be treated as local investments by the host country. The agreement also provides for guarantees against expropriations or nationalizations of assets and ensures the free movement of earnings, profits, and amortizations.

Kurt Morgen, president of the Dresdner Bank, told Cardoso that his bank is interested in electricity and telecommunications infrastructural projects. As the largest German bank, Dresdner may provide financing to companies interested in purchasing Brazilian state-owned companies in the above areas.

PFL Drafts Alternate Tax Reform Bill, Proposes VAT

PY2209221895 Rio de Janeiro O GLOBO in Portuguese 20 Sep 95 p 5

[Report by Lydia Medeiros]

[FBIS Translated Text] Brasilia — The Liberal Front Party [PFL] will submit a "big amendment package" to the tax reform proposal. The PFL has described it as fairly comprehensive. The proposal is broader than that of the administration. It advocates, for instance, the creation of Value-Added Tax (VAT), which would have an impact on production and on the circulation and consumption of goods and services. The administration initially studied the possibility of creating VAT but abandoned the idea in face of reactions from governors. The administration chose to merge the ICMS [Goods and Services Movement Tax] and the IPI [Industrial Products Tax] into a federal ICMS. PFL leaders are now seeking to focus their efforts on the approval of VAT through a substitute proposal to the administration's tax reform proposal.

Another difference between the proposal of the PFL and that of the administration is the PFL's idea to let municipal governments collect the Rural Land Tax [ITR]. The federal administration currently collects the ITR. Arguing that state governments are better organized than municipal governments, the administration proposes that the state governments be allowed to collect the ITR. Besides, the administration believes municipal governments would be more vulnerable to pressure from land owners to grant exemptions.

The PFL's "big amendment package" was drafted by the party leadership and will be signed by Deputy Joao

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Mellao (Sao Paulo). The proposal contains principles outlined in the PFL 2000 Program.

The PFL suggests VAT would have a standard rate — for each product or service — set by the Senate based on a proposal by the president of the Republic. The PFL proposes that VAT will be selectively applied, but not on exports, operations involving the use of electricity, telecommunications services, or gold, either as a financial asset or as an exchange commodity.

The federal ICMS proposed by the administration does not include the ISS [Service Tax], and thus exempts services. The administration contends that the inclusion of services as part of the ICMS tax base would bring revenue losses to municipal governments. This argument was reinforced by pressure exerted by the mayors.

PSDB Bloc Deputies Split Over Privatization of State Banks

PY2209201895 Rio de Janeiro JORNAL DO BRASIL in Portuguese 21 Sep 95 p 3

[Article by Ilmar Franco]

[FBIS Translated Text] The PSDB [Brazilian Social Democracy Party] bloc in the Chamber of Deputies has split over the Banespa [Sao Paulo State Bank] crisis. PSDB deputies from Sao Paulo, who support Sao Paulo Governor Mario Covas, are squabbling with their Rio de Janeiro colleagues because the latter hail the position of Rio de Janeiro Governor Marcello Alencar toward the Banerj (Rio de Janeiro State Bank). Although both banks have been under Central Bank trusteeship since December 1994, Covas has been fighting to keep control of Banespa, while Alencar favors privatizing Banerj.

During a meeting of the PSDB bloc on 19 September, Deputies Eduardo Macarenhas and Marcio Fortes (RJ) [Rio de Janeiro State], and Feu Rosa (ES) [Espirito Santo State] criticized Covas. The Sao Paulo deputies reacted angrily. Deputy Salvador Zimbaldi (SP) [Sao Paulo State] went as far as to say: "There is a conspiracy to undermine the Mario Covas administration."

Deputy Eduardo Mascarenhas was the first to criticize the attitude of Covas. "Governor Mario Covas is not in line with President Fernando Henrique's project for the country. Covas is going against history and has created a ticklish situation. His proposal to pay Banespa's debts was not serious," Mascarenhas said, referring to Sao Paulo's proposal to pay some of Banespa's $10 billion reals debt with real estate.

PSDB leader Jose Anibal (SP) sided with Covas and put out a press release on Banespa. It reads: "The Central Bank and Finance Minister Pedro Malan bear more responsibility for Banespa's current situation than the governor." Sao Paulo PSDB lawmakers signed a petition on 20 September asking for a Congressional Investigative Committee to probe into the Central Bank. This petition was submitted to Chamber of Deputies President Luis Eduardo Magalhaes.

Government To Accept Change to Bezerra's Patent Bill

PY2309034995 Sao Paulo AGENCIA ESTADO in Portuguese 2330 GMT 22 Sep 95

[Report by Raquel Stenzel and Aldo Renato Soares]

[FBIS Translated Text] Brasilia, 22 Sep (AE) — The administration is already admitting that it will concur with changes to the report on the patent bill made by Senator Fernando Bezerra (PMDB-RN) [Brazilian Democratic Movement Party-Rio Grande do Norte], especially regarding the patenting of microorganisms. Scientific organizations have characterized the wording of Bezerra's report on microorganisms as being too broad, thus causing it to become a controversial issue within the patent bill, which is now being debated in the Senate Economic Affairs Committee. The committee is scheduled to vote on 27 September on the 130 amendments and contested portions of Bezerra's report.

The press office of the Science and Technology Ministry today conveyed to the Brazilian Society for Scientific Development (SBPC) the fact that the administration would accept an amendment proposed by Senator Ney Suassuna (PMDB-PB) [Paraiba], restricting the patenting of microorganisms. According to Suassuna's version of the bill, which was approved by the Senate Constitution and Justice Committee a month ago, only transgenic microrganisms (those which have been genetically changed) can be patented for use in an industrial process. Thus, the patenting of parts or the whole of a living organism cannot be patented.

The administration insists, however, on endorsing Bezerra's report as far as recognition of the pipeline (retroactive recognition of patents) is concerned. Bezerra proposes that the retroactive recognition be extended to any product that may have been registered abroad, but which has not yet been marketed. This is another controversial issue over which the Senate Economic Affairs Committee members are divided.

The scientific community contends that the wording of Bezerra's proposal excessively broadens the mechanisms for giving retroactive recognition to patents because it includes substances and materials. According to a scientific source, prior to Bezerra being appointed rapporteur of the patent bill, the pipeline mechanism encompassed only products and processes. By including

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substances and materials, the laboratories could patent chemical substances, hormones included.

The Uruguay Round of the GATT recommended that the signatories of the Trade-Related Intellectual Property Rights (TRIPS), which deal with aspects relevant to trade and intellectual property, recognize patents as long as they have been registered since January 1995. This rule has been included in an amendment proposed by Suassuna.

Article Views Controversy Over Patents Bill

PY2209161995 Sao Paulo GAZETA MERCANTIL in Portuguese 18 Sep 95 Memo Section p 1

[Article by Maria Helena Tachinardi from Brasilia: "Patents Law and the National Confederation of Industry — Senator Bezerra's Challenges"]

[FBIS Translated Excerpt] The life of Fernando Bezerra, a businessman and civil engineer from Rio Grande do Norte, has changed dramatically since December when he took the PMDB [Brazilian Democratic Movement Party] seat in the Federal Senate that had been vacated by Garibaldi Alves Filho, the current governor of Rio Grande do Norte State. Bezerra, whose tenure is guaranteed until January 1999, has met several challenges.

The most formidable one is linked to one of the most controversial subjects under discussion in Congress; namely the new legislation on industrial property, known as the Patents Bill. Bezerra is the rapporteur of the Senate Economic Affairs Committee (CAE), which tomorrow will vote on 90 of the 130 recommendations included in his report on the bill against the backdrop of a veritable pitched battle. Bezerra's leading opponent, Senator Ney Suassuna (PMDB-PB) [Paraiba State] — who has already discussed the bill in the Constitution and Justice Committee (CCJ) — now intends to modify the text of the bill currently being discussed in the CAE, especially in what pertains to controversial issues like patenting microorganisms and the contentious "pipeline" mechanism — a guarantee to respect the exclusive rights conferred on patents already granted abroad for the number of years that are still missing in the specific term stipulated by the issuing country.

Another important task that Bezerra will assume on 18 October during a ceremony in which President Fernando Henrique Cardoso will participate, is the chairmanship of the National Confederation of Industry (CNI), one of the leading business associations in Brazil.

From the moment he started writing his report on the Patents Bill in March until he submitted it to the CAE at the end of August, Bezerra has been meeting with representatives from domestic and foreign companies, especially pharmaceutical companies. Bezerra said: "The mere fact that I have been elected chairman of the CNI proves I could never sponsor a bill that goes against the interests of Brazil's domestic industry. Brazilian pharmaceutical companies were not satisfied with the adoption of the 'pipeline' mechanism." He went on to say: "Still, I was at the CNI Industrial Policy Thematic Council at FIESP's [Sao Paulo State Federation of Industries] Industrial Policy Department, and from the discussions I could sense that the 'pipeline' mechanism would not harm domestic pharmaceutical companies in the least, as the only thing they will be unable to copy are the latest generation of products."

The PMDB senator, 54, who has already presided over the Rio Grande do Norte Federation of Industries, made postgraduate studies in economic engineering and business administration at Utah State University (United States) in 1966. He explained that the "pipeline" is an exception, a temporary mechanism that enables the patenting of inventions that are not protected by the current legislation, but which have already been announced through some other means. Bezerra said: "The 'pipeline' mechanism includes provisions to prevent damage to pharmaceutical companies that are already producing or are about to produce or use products or methods that have not been protected by previous legislation."

Bezerra has come under fire from the PT [Workers Party], the PDT [Democratic Labor Party], the PP [Progressive Party] and the PMDB. They argue that Brazil is under no obligations whatsoever to adopt the "pipeline" mechanism because the WTO's TRIPS ("Trade-Related Intellectual Property Aspects") agreement only establishes that exclusive marketing rights should be granted to the holders of patents on pharmaceutical, chemical, and food products who applied for them as of 1 January 1995; and it therefore excludes retroactivity.

Bezerra's position is in line with the interests of the Brazilian Government, particularly those pertaining to the patentability of microorganisms and the adoption of the "pipeline" mechanism. He said: "I did what I thought was right. It was not a move to please the incumbent administration, which only learned of my recommendations after they were submitted to the CAE. I did not give a copy to the chief of state or to his cabinet." He thus defended himself and cited as the only expression of support for his report a telegram from the minister of science and technology "fully agreeing with what I had written."

Bezerra stressed: "No pressure whatsoever was exerted on me from abroad. No diplomats or deputies from the United Kingdom or the United States participated

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in this. Neither did I receive any invitation to travel abroad." Intellectual property is practically the only contentious issue pending in Brazil's relations with the United States, which are much more friendly than back in 1980's when trade sanctions were imposed on Brazil for not protecting patents on pharmaceutical products. Yet despite all acts of rapprochement, especially after Fernando Henrique Cardoso became president, Washington continues to threaten Brazil with sanctions for the same reasons, namely the delay in enacting a patents law.

After [former] President Fernando Collor sent the Patents Bill to the Chamber of Deputies in 1991, congressmen were labelled, as in the good old days, either as nationalists or as sympathizers of foreign interests. Rightist and leftist Manichaean slogans were thus reincorporated into our vocabulary.

After the Patents Bill was voted through in the Chamber of Deputies in 1993, "lobbies" representing domestic pharmaceutical companies, the Church, researchers, and scientist pitched camp in the Senate. When Congress ratified TRIPS in December 1994, it became a reference point for all those countries that had signed the WTO agreements. Senator Suassuna, for example, rejected the "pipeline," on the grounds that it violated TRIPS, while Bezerra followed the WTO regulations to the letter on the patenting of microorganisms.

The enactment of the new legislation will not please everybody. For pharmaceutical companies, it will entail the payment of "royalties" to companies that took out patents on their products, thus spelling the end of freedom to pirate medicines. Multinational pharmaceutical companies have already pointed out shortcomings in the bill passed by the Chamber of Deputies and in the recommendations by Suassuna and Bezerra. Interfarma, an organization that groups foreign pharmaceutical companies, is in favor of amending the bill in five points, including the "pipeline" mechanism (it requests total protection) and the use of the patent (only through imports and not through domestic manufacture). [passage omitted]

What with his new position at the CNI and working 10 to 12 hours per day at the Senate, Bezerra will have no option but to adopt Brasilia as his residence at least until the year 2000. "The idea is that I become businessmen's spokesman in the Senate," he stated adding that "with the incorporation of 55 new senators, the quality of the Senate has improved."

The spotlight will be on Bezerra on 20 September. The CAE will modify the most controversial issues of his report. "I do not have a monopoly on the truth," he argued. On 14 September, Bezerra tried to clear up doubts raised by his colleagues. He believes "there is a major misunderstanding" over his recommendations since he only adopted the "pipeline" mechanism after being convinced that Brazilian pharmaceutical companies would not be harmed by it.

Article on Tender for 2d Data-Collecting Satellite Launch

PY2209201695 Sao Paulo GAZETA MERCANTIL in Portuguese 15-17 Sep 95 p C5

[Article by Virginia Silveira in Sao Jose dos Campos]

[FBIS Translated Excerpt] The Brazilian Space Agency (AEB) plans to publish, before the end of September, the international tender documents for a rocket to launch the second Brazilian data-collecting satellite. The launch is scheduled for April 1996. [passage omitted]

The first satellite cost $19 million, including launching costs.

Development of the SCD-2 [second data-collecting satellite] has absorbed nearly $13 million so far and its launch is expected to cost another $10 million. The second satellite is not a mere copy of the first. The SCD-2 will have technological advancements over its predecessor. The antennas, for example, have been redesigned to improve the performance of the on-board telecommunications system. The SCD-2 on-board computer will maintain the solar panels at a more favorable angle to the sun.

The percentage of national participation in the construction of the SCD-2 is higher than in the construction of the SCD-1. National industries participated in only 73 percent of the first satellite's construction.

The SDC-2 is part of the Complete Brazilian Space Mission (MECB) program, which contemplates the construction, by the National Institute of Space Research (Inpe), of two data collecting satellites and two remote sensors. [passage omitted]

Arianespace Seeks To Launch New Embratel Satellites

PY2309035795 Sao Paulo GAZETA MERCANTIL in Portuguese 20 Sep 95 p C5

[Report by Heloisa Magalhaes in Rio de Janeiro]

[FBIS Translated Text] Executives of Arianespace, the European consortium engaged in satellite launching, have visited Brazil to seek new clients. During their visit, they met on 18-19 September with representatives and partners of financial institutions; of investment banks that are active in privatizations, such as Pactual

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and Bozano Simonsen; of Brazilian companies such as the Globo Organizations and the Itamarati Group; and with representatives of Embratel [Brazilian Telecommunications Company].

Because the supply of satellite services on the Brazilian market will soon be opened through a new policy the administration is determined to adopt, Arianespace President Charles Bigot yesterday said that Arianespace is interested in launching Embratel satellites. It has already launched four Brasilsat satellites, and is now scheduled to launch the B3 satellite in 1997, from the Kourou base in French Guiana, although a contract with Embratel is yet to be signed. Arainespace is also closely watching Embratel's plans to launch a satellite that will provide services on the KU band.

Bigot outlined the strategies Arainespace has adopted to meet the growing demand for satellite launches worldwide in a market in which it is primarily competing with Russian, U.S., and Chinese companies.

Arainespace is also using new technology. A traditional launcher of geostationery satellites (which remain at an altitude of 36,000 km), Arianespace is announcing that the Ariane-5 rocket will be tested in 1996. This will be the first of a new generation of rockets that will allow Arainespace to simultaneously place several satellites into orbit. The new technology is expected to lower the launching costs — which currently stand at approximately $120 million — by 10 or 15 percent.

Through the Ariane-5 rocket, Arianespace is catering to a new market, that of constellation of satellites. These satellites use average orbits (10,000 km in altitude) and low orbits (1,000 km in altitude). There are several projects under way in this area, such as those of Motorola, Globalstar, and Intelsat.

Government Designates Acting Communications Minister

PY2209131595 Sao Paulo AGENCIA ESTADO in Portuguese 2303 GMT 21 Sep 95

[FBIS Translated Text] Brasilia, 21 Sep (AE) — Acting President Marco Maciel designated today Communications Ministry Executive Secretary Fernando Xavier Ferreira as acting minister of the portfolio. Ferreira will stay in the post while Minister Sergio Motta recuperates from a heart attack he suffered on 18 September. Motta, who has been admitted to Albert Einstein Hospital in Sao Paulo, will undergo surgery to receive three or four bypasses on 23 September.

Born in Ponta Grossa, the executive secretary is an electrical engineer who took several telecommunications courses. Motta entrusted him with the mission of monitoring and controlling the Telebras [Brazilian Telecommunications, Inc.] system, whose administration he chairs.

According to the resume released by the ministry, Ferreira began his professional career at Telepar (Telecommunications of Parana), of which he was designated president in 1987. He stayed in this post until 1990. He was also director general of Itaipu Binacional. In the private sector, Ferreira was the president of Northern Telecom do Brasil, a branch of a Canadian enterprise that supplies telephone switchboards and satellite technology.

Text of Antidumping Decree Published

95SM0496A Sao Paulo O ESTADO DE SAO PAULO in Portuguese 25 Aug 95 pp B10-B11

["Text" of Presidential Decree No. 1602 dated 23 August 1995 regulating the implementation of antidumping measures: "Government Regulates Antidumping Legislation"]

[FBIS Translated Text] *Brasilia—The government has finally modernized Brazilian antidumping legislation by bringing it into line with the new rules of the World Trade Organization (WTO). Yesterday the DIARIO OFICIAL DA UNIAO published the presidential decree regulating the matter. Signed by President Fernando Henrique Cardoso and Ministers Pedro Malan (Finance), Dorothea Werneck (Industry, Commerce, and Tourism), Jose Eduardo de Andrade Vieira (Agriculture), Jose Serra (Planning), and Luiz Felipe Lampreia (Foreign Affairs), the decree, combined with modernization of the agencies overseeing foreign trade, makes the country equal to the rest of the world, according to Armando Meziat, director of the Trade Department of the Ministry of Industry, Commerce, and Tourism (MICT).*

"The decree incorporates a number of advances such as time limits for procedures and corrects distortions in the previous legislation," the director said. Dumping refers to the sale of products at a price below the price in the country of origin's domestic market. That practice is often adopted when a producer wants to win market share or harm competitors. This week, for example, the MICT imposed surcharges as an antidumping measure on fans imported from China.

To complete the updating of Brazilian rules in the field of foreign trade, a decree on subsidies still needs to be published, and according to Meziat, that will be done within the next few weeks. The WTO's new rules were debated until last year as part of the GATT talks and were approved by the Senate in December.

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According to the decree, dumping is considered to be the difference between export value and normal sales price. Sectors of national industry feeling that they are being injured can request an investigation by the MICT, and in so doing they must present data proving the injury they have suffered. If compensatory duties are imposed, they can be equal to or less than the difference in prices. But the surcharge can be imposed only after a minimum of 60 days following the start of the investigation.

But the compensatory duty cannot be imposed if the exporter agrees to raise the sales price to Brazil through an agreement with the Brazilian Government. If that agreement is violated, an additional duty will be imposed immediately.

Decree No. 1,602 dated 22 August 1995 establishing the rules governing administrative procedures in connection with the implementation of antidumping measures.

The president of the Republic, exercising the powers conferred on him by Article 84, subsections IV and VI of the Constitution and considering the provisions of the Agreement Relative to Implementation of Article VI of the General Agreement on Tariffs and Trade (GATT/1994), as approved by Legislative Decree No. 30 dated 15 December 1994 and promulgated by Decree No. 1335 dated 30 December 1994, and of that section of Law No. 9019 dated 30 March 1995 covering the imposition of duties provided for in the antidumping agreement;

Decrees:

Title I—Procedures

Chapter I—Principles

Article 1—Antidumping duties may be imposed when the importation of basic or nonbasic products that are the object of dumping causes injury to domestic industry.

Paragraph 1—Antidumping duties will be imposed in accordance with investigations begun and conducted according to the provisions of this decree.

Paragraph 2—In implementing the provisions of Article VI, paragraph 5 of GATT/1994, the importation of a product may not be subject simultaneously to the imposition of an antidumping duty and a compensatory duty as covered by the GATT/1994 Agreement on Subsidies and Compensatory Measures.

Article 2—It is the duty of the ministers of state of industry, commerce, and tourism and of finance to decide whether to impose, by means of a joint decree, temporary antidumping measures or permanent duties and to approve price agreements on the basis of a report by the Foreign Trade Secretariat (Secex) of the Ministry of Industry, Commerce, and Tourism, which will verify the existence of dumping and of the resulting injury.

Article 3—It is the duty of Secex to handle the administrative process regulated by this decree.

Chapter II—Determination of Dumping

Article 4—For the purposes of this decree, the practice of dumping is considered to be the introduction of a product into the domestic market, even under drawback provisions, at an export price below its normal value.

Section I—Normal Value

Article 5—Normal value is considered to be the price actually charged for a similar product in normal trading operations in which the product is intended for domestic consumption in the exporting country.

Paragraph 1—The expression "similar product" shall be understood to mean an identical product equal in all respects to the product under examination or, in the absence of such a product, another product which, although not exactly the same in all respects, presents characteristics very close to those of the product under consideration.

Paragraph 2—The expression "exporting country" shall be understood to mean the country of origin and of export except as provided in Article 10.

Paragraph 3—The quantity normally considered sufficient for determining normal value shall be sales of the similar product which are intended for consumption in the domestic market of the exporting country and which constitute five percent or more of sales of the product in question in Brazil; provided, that a smaller percentage may be considered when it is demonstrated that domestic sales at that smaller percentage are nevertheless of a sufficient quantity to allow adequate comparison.

Article 6—If there are no sales of a similar product in normal trading operations in the domestic market or when, because of special market conditions or low sales volume, an adequate comparison cannot be made, the normal value will be based:

I. On the price charged for the similar product in export operations to a third country, provided that the said price is representative; or:

II. On the constructed value in the country of origin, being considered as such the cost of production in the country of origin plus a reasonable amount for administrative and marketing costs and the profit margin.

Paragraph 1—For price purposes, trading operations may be considered abnormal and ignored in determining

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normal value if they involve sales of the similar product in the exporting country's domestic market or sales to a third country at prices below the unit cost of the similar product, the said cost being computed to include the fixed and variable cost of production plus administrative and marketing costs.

Paragraph 2—The provisions of the preceding paragraph will be applied only when it is found that the sales in question take place:

(a) Over a long period of time, normally one year but never less than six months;

(b) In substantial quantities, being considered as such those transactions taken into account in determining normal value and occurring at a weighted average sales price below the weighted average unit cost, or when the volume of sales at less than unit cost represents 20 percent or more of the volume sold in transactions being considered for the purpose of determining normal value; and:

(c) At prices making it impossible to recover costs within a reasonable period of time.

Paragraph 3—The provisions of subparagraph (c) of the preceding paragraph do not apply when it is found that the prices below unit cost at the time of sale exceed the weighted average unit cost obtained during the period of the investigation.

Paragraph 4—Transactions between parties which are considered to be partners or which have signed a compensatory agreement with each other may be regarded as abnormal trading operations and ignored except when, in determining normal value, it is proven that the related prices and costs are comparable to those applying to operations between parties that have not established such ties.

Paragraph 5—The costs referred to in subsection II of this article will be calculated on the basis of records maintained by the exporter or producer being investigated, provided that such records are maintained in accordance with accounting principles regarded as acceptable in the exporting country and reflect the costs related to the production and sale of the product in question.

Paragraph 6—Available evidence regarding the correct distribution of costs, including evidence provided by the exporter or producer during the investigation, will be taken into account provided that the said distribution has been traditionally used by the exporter or producer, especially as regards the determination of adequate amortization and depreciation periods and deductions from capital and other development costs.

Paragraph 7—Appropriate adjustment will be made to reflect nonrecurring cost items beneficial to future or current production or both and circumstances in which costs observed during the period of investigation are affected by start-up operations, unless they have already been reflected in the distribution referred to in the preceding paragraph.

Paragraph 8—Adjustments made to reflect start-up costs must reflect actual costs as of the end of the start-up period or, if that period extends beyond the period covered by the investigations, the most recent costs that can be taken into account during the investigation.

Paragraph 9—Calculation of the amount referred to in subsection II of this article will be based on actual data regarding the production and sale of the similar product as calculated in the course of normal trading operations by the producer or exporter being investigated.

Paragraph 10—When the amount cannot be calculated on the basis of the data referred to in the preceding paragraph, it will be calculated based on:

(a) Amounts actually spent and earned by the exporter or producer in question in connection with the production and sale of products of the same category in the domestic market of the exporting country;

(b) A weighted average of the amounts actually spent and earned by other exporters or producers under investigation as those amounts relate to the production and marketing of the similar product in the domestic market of the exporting country; or:

(c) Any other reasonable method, provided that the amount stipulated as profit does not exceed the profit normally earned by other exporters or producers from sales of products of the same general category in the domestic market of the exporting country.

Article 7—If difficulty is encountered in determining the comparative price in cases involving imports originating in countries which are not predominantly market economies and in which most prices are set by the state, normal value may be determined on the basis of the price charged or the constructed value of the similar product in a third country having a market economy, or of the price charged by that country in its exports to other countries excluding Brazil, or, whenever possible, on the basis of any other reasonable price, including the price paid or to be paid for the similar product in the Brazilian market, being duly adjusted, if necessary, to include a reasonable profit margin.

Paragraph 1—Selection of a third country with a suitable market economy will take into account all reliable

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information that is presented when the selection is being made.

Paragraph 2—The periods covered by the investigation will be taken into account, and whenever appropriate, a third market-economy country that is the subject of the same investigation will be selected.

Paragraph 3—The parties concerned will be informed immediately after the investigation starts as to the name of the third market-economy country that will be used, and they may respond within the time limit stipulated for returning the respective questionnaires as covered in the first paragraph of Article 27.

Section II—Export Price

Article 8—The export price will be the price actually paid or to be paid for the product exported to Brazil, excluding taxes, discounts, and reductions actually granted and directly related to the sales in question.

Single paragraph—In cases in which there is no export price or the export price seems doubtful because of an association or compensatory agreement between the exporter and the importer or a third party, the export price may be constructed either:

(a) On the basis of the price at which the imported products are resold for the first time to an independent buyer; or:

(b) On a reasonable basis in cases where the products are not resold to an independent buyer or are not resold in the same condition as that in which they were received.

Section III—Comparison Between Normal Value and Export Price

Article 9—A fair comparison will be made between the export price and the normal value, at the same level of trade and normally ex factory, with sales taking place simultaneously being taken into account to the extent possible. The parties concerned, as defined in Article 21, paragraph 3, will be advised of the type of information necessary for making a fair comparison, and an excessive burden of proof will not be placed on them.

Paragraph 1—For adjustment purposes on a case-by-case basis and depending on their specific features, differences affecting the price comparison, including differences in the terms and conditions of sale, taxation, levels of trade, quantities, and physical and any other characteristics that are proven to affect the price comparison, will be examined. When a number of those factors have a cumulative effect, the duplication of adjustments already made will be avoided.

Paragraph 2—For the purpose of implementing Article 8, single paragraph, adjustments based on costs incurred between the time of import and the time of sale, including import duties, other taxes, and profits earned, will also be allowed.

Paragraph 3—If the comparison is affected by the factors listed in the preceding paragraph, the normal value will be established at a level of trade equivalent to that of the constructed export price, or, alternatively, the adjustments provided in paragraph 1 of this article may be made.

Paragraph 4—The adjustment amount will be calculated on the basis of the relevant data for the period of the dumping investigation referred to in Article 25, paragraph 1 or of the data for the most recent fiscal period available.

Paragraph 5—If a price comparison that is being made in accordance with the first paragraph of this article requires a foreign exchange conversion, the exchange rate in effect on the day of the sale will be used unless a sale of foreign currency on the futures markets occurs in direct relationship with the export in question, in which case the exchange rate adopted in the futures sale will be applied.

Paragraph 6—Under normal conditions, the day of sale will be the date of the contract, purchase order, order confirmation, or invoice. The document actually used will be the one setting forth the conditions of sale.

Paragraph 7—Fluctuations in the exchange rate will be ignored, and for the purpose of investigation, a period of at least 60 days will be considered necessary for adjustments by the producers to their export prices to reflect significant changes occurring during the period of the dumping investigation.

Article 10—In cases where a product is not imported directly from its country of origin but instead is exported to Brazil from an intermediate third country, the provisions of this decree will also be applied, and the price at which the product is sold from the exporting country to Brazil will be compared to the comparable price charged in the exporting country.

Single paragraph—A comparison may be made with the price charged in the country of origin if:

(a) The product is merely in transit when it passes through the exporting country;

(b) The product is not produced in the exporting country; or:

(c) There is no comparable price for the product in the exporting country.

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Section IV—Dumped Margin

Article 11—The dumped margin will be the difference between the normal value and the export price.

Article 12—The existence of dumped margins will be determined by comparing the following:

I. The weighted average normal value and the weighted average of the prices used in all comparable export transactions; or:

II. The normal value and the verified export prices in each transaction.

Paragraph 1—A normal value established using a weighted average may be compared with the prices in specific export transactions when it is discovered that there is a pattern of export prices that differs significantly among several buyers, regions, or periods of time, and if an explanation is presented as to why such differences cannot be adequately taken into account by comparing weighted averages or individual transactions.

Paragraph 2—Sampling techniques may be used to establish normal value and export prices through the use of prices which appear with great frequency or which are most representative, provided that they cover a significant volume of the transactions being examined.

Article 13—It will be a general rule to establish an individual dumped margin for each of the known exporters or producers of the product under investigation.

Paragraph 1—In cases where the number of known exporters, producers, importers, or types of products under investigation is so large as to render impracticable the determination referred to in the preceding paragraph, the examination may be limited to:

(a) A reasonable number of parties concerned or products as determined by a statistically valid sampling process based on the information available when the selection is being made; or:

(b) The largest percentage of the volume of exports by the country in question that can be reasonably investigated.

Paragraph 2—Any selection of exporters, producers, importers, or types of products that is made in accordance with the provisions of the preceding paragraph will be made after consulting the exporters, producers, or importers and obtaining their consent, provided that they have yielded information necessary for selecting the representative sample.

Paragraph 3—If one or more of the selected firms do not provide the information requested, another selection will be made. If there is not enough time to make another selection or if the new firms that are selected also do not provide the information requested, determinations or decisions will be based on the best information available in accordance with the provisions of Article 66.

Paragraph 4—An individual dumped margin will also be determined for each exporter or producer who was not included in the selection but who supplies the necessary information in time for the said information to be considered during the investigation process; provided, however, that this provision does not apply in situations where the number of exporters or producers is so large that analyzing individual cases would result in an unconscionable amount of additional work and make it impossible to complete the investigation within the time prescribed. Voluntary responses will not be discouraged.

Chapter III—Determination of Injury

Article 14—For the purposes of this decree, the term "injury" will be understood to mean material injury or the threat of material injury to a domestic industry that is already established or a sizable delay in the establishment of such an industry.

Paragraph 1—The determination of injury will be based on positive proof and will include an objective examination of:

(a) The volume of imports being dumped.

(b) Its effect on prices for the similar product in Brazil.

(c) The consequent impact of such imports on domestic industry.

Paragraph 2—Concerning the volume of imports being dumped, consideration will be given to whether the volume is significant and whether there has been a substantial increase in imports under those conditions, both in absolute terms and in relation to production or consumption in Brazil.

Paragraph 3—For the purposes of investigation, the volume of imports from a specific country will normally be considered insignificant if it totals less than three percent of Brazil's imports of a similar product, unless, however, the countries which account individually for less than three percent of Brazil's imports of a similar product are responsible collectively for over seven percent of imports of that product.

Paragraph 4—As regards the effect of dumped imports on prices, consideration will be given to whether the price of the imported products was significantly lowered to the level of dumped prices in comparison with the price of the similar product in Brazil or whether such imports had the effect of lowering prices significantly or

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had a significant effect in preventing price increases that would have occurred in the absence of such imports.

Paragraph 5—None of those factors, either individually or combined with several others, will necessarily be considered conclusive proof.

Paragraph 6—When imports of a product from more than one country are the object of simultaneous investigations, the cumulative effect of such imports will be considered if it is found that:

(a) The dumped margin as determined in relation to the imports from each of the countries is not minimal and the volume of imports from each country is not insignificant.

(b) The cumulative evaluation of the effects of those imports is appropriate in view of the competitive conditions among the imported products and the competitive conditions between those products and the similar domestic product.

Paragraph 7—The dumped margin will be considered minimal when, as a percentage of the export price, it is less than two percent.

Paragraph 8—Examination of the impact that dumped imports are having on domestic industry will include an evaluation of all relevant economic factors and indexes related to the situation of the industry in question, including the actual or potential loss of sales, profits, production, market share, productivity, return on investment, or utilization of installed capacity, as well as of factors affecting domestic prices, the scale of the dumped margin, and the real or potential negative effects on cash flow, inventories, employment, wages, growth, and the capacity to attract investment funds.

Paragraph 9—The list of factors appearing in the preceding paragraph is not exhaustive, and none of those factors, individually or in combination, will necessarily be considered a decisive element of information.

Article 15—A demonstration of the causal connection between imports of dumped products and injury to domestic industry based on the following factors is required:

I. Relevant evidence and:

II. Other known factors, in addition to the dumped imports, which may be causing injury to domestic industry on the same occasion, and injury whose causes are unrelated to the dumped imports will not be attributed to those imports.

Paragraph 1—Important factors under those conditions include, among others, the volume and price of imports not sold at dumped prices, the impact of the import deregulation process on domestic prices, a reduction in demand or changes in consumption patterns, practices by domestic and foreign producers that restrict trade and competition among them, technological progress, and the export performance and productivity of domestic industry.

Paragraph 2—The effect of dumped imports will be evaluated in terms of production by domestic industry when the available data make the individualized identification of that production possible on the basis of such criteria as the productive process, sales, and profits of the producers.

Paragraph 3—If the individualized identification of production is not possible, the effects of the dumped imports will be determined by examining the production of a group or range of products which is as similar as possible and includes the similar product and for which it is possible to obtain the necessary data.

Article 16—Determination of the existence of a threat of material injury will be based on facts and on a convincing motive. A change in existing conditions that might create a situation in which dumping will cause injury must be clearly foreseeable and imminent.

Paragraph 1—In determining the existence of a threat of material injury, the following factors, among others, will be considered:

(a) A significant rate of growth in dumped imports, indicating a probable substantial increase in those imports.

(b) Sufficient idle capacity or an imminent substantial increase in the producer's productive capacity, indicating the probability of a significant increase in dumped exports to Brazil, although the existence of third markets that might absorb the possible increase in exports is to be taken into account.

(c) Imports at prices that will have a significant effect in reducing domestic prices or preventing an increase in those prices and which will probably cause the demand for more imports to increase.

(d) Inventories of the product being investigated.

Paragraph 2—None of the factors mentioned in the preceding paragraph and taken in isolation will constitute decisive evidence, but the existence of all those factors together will necessarily lead to the conclusion that more dumped imports are imminent and that if protective measures are not adopted, material injury will occur.

Chapter IV—Definition of Domestic Industry

Article 17—For the purposes of this decree, the expression "domestic industry" will be understood as referring

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to all domestic producers of the similar product or those among them whose combined production constitutes a significant portion of total domestic production of the product, except in cases where:

I. The producers have ties with the exporters or importers or are themselves importers of the product allegedly being imported at dumped prices, a situation in which the expression "domestic industry" may be interpreted to mean all the other producers.

II. In exceptional circumstances as defined in paragraph 4 of this article, Brazilian territory may be divided into two or more competing markets, in which case the expression "domestic industry" will be interpreted to mean all the producers in one of those markets.

Paragraph 1—For the purposes of this article, producers will be regarded as having ties with exporters or importers only if:

(a) One of them exercises direct or indirect control over the other.

(b) Both are controlled, directly or indirectly, by a third.

(c) Together they control, directly or indirectly, a third.

Paragraph 2—The situations referred to in the preceding paragraph will be considered only if there is reason to believe or suspect that the ties in question may lead the producer in question to act differently from producers not having such ties.

Paragraph 3—For the purposes of this article, "control" is considered to exist when the former is in a legal or operational position to influence the decisions of the latter.

Paragraph 4—For the purpose of implementing the provisions of subsection II of this article, the producers in each of the markets may be considered a separate domestic industry if:

(a) The producers active in that market sell all or nearly all their production of the similar product in question in the same market, and:

(b) Demand in that market is not supplied to a substantial extent by producers of the similar product who are established elsewhere in the territory.

Paragraph 5—In the situation referred to in paragraph 4 of this article, injury may be found to exist even if a significant portion of domestic production is not being harmed, provided that there is a concentration in that market of dumped imports and that those imports are causing injury to the producers of all or nearly all production in that market.

Chapter V—Investigation

Section I—Petition for Investigation

Article 18—Except as provided in Article 24, an investigation to determine the existence, extent, and effect of any alleged dumping will be requested by domestic industry or on its behalf in the form of a written petition drawn up in accordance with instructions issued by Secex.

Paragraph 1—The petition referred to in the first paragraph of this article must include proof of dumping, injury and a causal connection between the dumped imports and the alleged injury, and the following information:

(a) A description of the petitioner and an indication of the volume and value of production by the domestic industry being represented. If the petition is submitted on behalf of domestic industry, the document must indicate the industry on whose behalf the petition is being submitted and the names of the firms represented as well as the volume and value of their production.

(b) An estimate of the volume and value of domestic production of the similar product.

(c) A list of the known domestic producers of the similar product who are not represented in the petition and, to the extent possible, an indication of the volume and value of domestic production of the similar product by those producers, and their statements regarding their support of the petition.

(d) A complete description of the product allegedly imported at dumped prices, the name of the country or countries or origin and the exporting country or countries, the identity of every known foreign exporter or producer, and a list of known importers of the product in question.

(e) A complete description of the product manufactured by domestic industry.

(f) Information concerning the representative price at which the product in question is being sold when intended for consumption in the domestic market of the exporting country or countries or, in the situation referred to in Article 6, information concerning the representative price at which the product is being sold by the exporting country or countries to a third country or countries or the constructed value of the product.

(g) Information concerning the representative export price or, in the situations referred to in Article 8, concerning the representative price at which the product is being sold for the first time to an independent buyer located in Brazilian territory.

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(h) Information concerning changes in the volume of imports allegedly the object of dumping, the effects of such imports on prices for the similar product in the domestic market, and the consequent impact of those imports on domestic industry as demonstrated by relevant factors and data related to the state of that industry.

Paragraph 2—If the petition contains secret information, the provisions of Article 28 will apply.

Article 19—The petition will be subjected to a preliminary examination to determine whether it is properly prepared or whether additional information is required. The petitioner will be notified of the result of that examination within 20 days from the date on which the petition is submitted.

Paragraph 1—When additional information is requested, another examination will be made to determine whether new information is needed or the petition is properly prepared. The petitioner will be notified of the result of that examination within 20 days from the date on which the additional information is provided.

Paragraph 2—Counting from the date on which the new information is provided, the petitioner will be notified within 20 days of the final decision as to whether the petition is properly prepared or judged unacceptable.

Paragraph 3—The deadline for providing additional information or new information as requested will be determined by Secex, depending on the nature of the said information, and communicated to the petitioner.

Paragraph 4—The petitioner will have 10 days, counting from the date on which the notice is mailed to the petitioner informing him that the petition is properly prepared, in which to submit as many copies of the complete text of the petition, including the nonsecret summary of the same when appropriate under the terms of Article 28, paragraph 1, as there are known producers and exporters and governments of the listed exporting countries.

Paragraph 5—If the number of producers and exporters referred to in paragraph 4 is especially high, it will be permissible to submit copies of the petition for delivery only to the governments of the listed exporting countries and the corresponding class organizations.

Section II—Beginning an Investigation

Article 20—Evidence of the existence of dumping and of injury caused by it will be considered simultaneously in determining whether to begin an investigation.

Paragraph 1—Based on information from other quickly available sources, the correctness and suitability of the evidence submitted in the petition will be examined with a view to determining whether sufficient reason exists to justify the start of an investigation.

Paragraph 2—Secex will examine the degree to which the petition is supported or rejected as expressed by the other domestic producers of the similar product, the purpose being to ascertain whether the petition was submitted by domestic industry or on its behalf. In the case of a fragmented industry involving an especially high number of producers, it will be permissible to confirm the degree of support or rejection through the use of statistically valid sampling methods.

Paragraph 3—A petition will be considered to have been submitted by domestic industry or on its behalf if it is supported by those producers whose combined production constitutes over 50 percent of the total production of the similar product produced by that portion of domestic industry which has expressed support or rejection of the petition.

Article 21—Within 30 days of the date on which notification that the petition was properly prepared is mailed, the petitioner will be notified of the determination, whether favorable or unfavorable, regarding the start of an investigation.

Paragraph 1—The petition will be denied and the case consequently abandoned when:

(a) There is not sufficient evidence of the existence of dumping or of injury caused by it to justify starting an investigation.

(b) The petition was not submitted by the industry or on its behalf.

(c) The domestic producers who expressly support the petition account for less than 25 percent of total production of the similar product by domestic industry.

Paragraph 2—If the determination is favorable, the investigation will begin, and a notice containing such determination must be published in the DIARIO OFICIAL DA UNIAO. The known interested parties will be notified, and a period of 20 days counting from the date of publication of said determination will be allowed for the submission of requests to participate by other parties considering themselves to have an interest in the matter, said requests to include the name of their legal representative as provided by the relevant legislation.

Paragraph 3—For the purposes of this decree, the following are considered interested parties:

(a) Domestic producers of the similar product and the class organization representing them.

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(b) Importers or consignees of the goods that are the object of the practice under investigation and the class organization representing them.

(c) Foreign exporters or producers of the goods in question and class organizations representing them.

(d) The government of the country exporting the goods in question.

(e) Other parties, domestic or foreign, considered by Secex to be interested parties.

Paragraph 4—As soon as an investigation begins, the complete text of the petition giving rise to it, subject to the right to claim secrecy, will be provided to the known foreign producers and exporters and the authorities of the exporting country, and if requested, it must be made available to other interested parties. If the number of known producers and exporters is especially high, the complete text of the petition will be provided only to the authorities of the exporting country and the appropriate class organization.

Article 22—After the investigation begins, Secex will notify the Federal Revenue Secretariat of the Ministry of Finance so that the latter can take appropriate steps for the subsequent imposition, if necessary and as provided in Article 54, of permanent antidumping duties on the imports that are the subject of the investigation.

Single paragraph—The measures adopted by the Federal Revenue Secretariat in pursuance of this article will not constitute a hindrance to customs clearance.

Article 23—Until the start of an investigation is ordered, the existence of a petition requesting it will not be announced except to the government of the exporting country concerned, which must be notified of the existence of a properly prepared petition.

Article 24—In exceptional circumstances, the Federal Government may begin an investigation ex officio, provided that there is sufficient evidence of dumping, injury, and a causal connection between the two to justify such an investigation. The government of the country concerned will be notified of the existence of the said evidence before the investigation begins.

Section III—Investigation

Article 25—During the investigation, evidence of the existence of dumping and of injury caused by it will be considered simultaneously.

Paragraph 1—The period of time covered by the investigation into the existence of dumping must comprise a 12-month period preceding as closely as possible the date on which the investigation begins, provided, that in exceptional cases, the said period may be less than 12 months but never less than six months.

Paragraph 2—The period of time covered by the investigation into the existence of injury must be sufficiently representative to permit the analysis referred to in Chapter III; it will not be less than three years, and it will necessarily include the period covered by the investigation of dumping.

Subsection I—Information

Article 26—The parties known to be interested in an investigation of dumping will be notified concerning the information requested and will have ample opportunity to submit, in writing, the evidence they consider relevant to the investigation in question.

Single paragraph—Due allowance will be made for any difficulties encountered by the interested parties, particularly micro-companies and small companies, in providing the information requested, and they will be given as much assistance as possible.

Article 27—The known interested parties, with the exception of the governments of the exporting countries, will receive questionnaires intended for the investigation, and they will have 40 days in which to return them. The 40 days will be counted from the date on the which the said questionnaires are mailed.

Paragraph 1—Requests for an extension of the 40-day period will be duly considered, and if the need for it is demonstrated, an extension may be authorized, provided that it is practicable to do so, for a period not to exceed 30 days, taking into account the time limits imposed by the investigation.

Paragraph 2—Additional or supplementary information may be requested or accepted in writing throughout an investigation. The deadline for supplying requested information will be stipulated on the basis of the nature of the information, and it may be extended if there is a duly justified request to do so. The time limits imposed by the investigation with respect both to the information requested and to the consideration of the additional information being submitted must be taken into account.

Paragraph 3—If any of the interested parties refuses to grant access to the necessary information, does not provide it within the time stipulated, or creates obstacles to the investigation, the report prepared with a view to presenting preliminary or final determinations will be drawn up based on the best information possible as provided in Article 66.

Article 28—Information that is secret by its very nature or that is provided as secret information by the parties

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to an investigation will be treated as such when the claim to secrecy is justified, and it will not be revealed without the express permission of the party providing it. Information classified as secret will constitute a separate case.

Paragraph 1—Interested parties providing secret information must submit a non-secret summary of the same, and the said summary must be such as to permit a reasonable understanding of the information provided. In cases where it is not possible to submit such a summary, the parties concerned will explain the circumstances in writing.

Paragraph 2—If it is considered that a secret item of information does not fully merit that classification, or if the supplier of the information refuses to make it public either in its entirety or in summary form, the said information may be disregarded except where it is suitably demonstrated by an appropriate source that the information is correct.

Article 29—Productive sectors using the product under investigation and representatives of consumer organizations if the product is commonly marketed at retail will be given the opportunity to provide information important to the investigation.

Article 30—An attempt will be made during the investigation to verify the correctness of the information provided by interested parties.

Paragraph 1—If necessary and feasible, investigations may be conducted in the territories of other countries, provided that authorization is obtained from the firms involved, that the representatives of the government of the country in question are notified, and that the latter do not object to the investigation. Investigations conducted in the territories of other countries will be subject to the procedures described in Article 65.

Paragraph 2—If necessary and feasible, investigations may be conducted in the firms involved when they are located in Brazilian territory, provided that they grant prior authorization.

Paragraph 3—The results of investigations conducted under the terms of the preceding paragraphs will be added to the files on the case, subject to the right to claim secrecy.

Subsection II—Defense

Article 31—Throughout the investigation, the interested parties will have ample opportunity to defend their interests. To that end, and if requested, hearings will be held within the period stipulated in the notice announcing the start of the investigation so that the interested parties may meet with those whose interests conflict with theirs, to the end that opposing interpretations and arguments may be presented.

Paragraph 1—The party requesting the hearing must provide, along with the said request, a list of the specific matters to be discussed.

Paragraph 2—The known interested parties will be notified at least 30 days in advance of the hearing and of the matters to be discussed there.

Paragraph 3—There will be no obligation to appear at such hearings, and the absence of any party may not be used to the detriment of that party's interests.

Paragraph 4—At least five days in advance of the hearing, the interested parties must appoint legal representatives who will be present at the hearing, and at least 10 days in advance of the hearing, they must provide written notification of the arguments they intend to present at that hearing. If duly justified, the interested parties may present additional information orally.

Paragraph 5—Information presented orally will be taken into account only if it is reproduced in writing and made available to the other interested parties within 10 days following the hearing.

Paragraph 6—When appropriate, however, account will be taken of the need to preserve secrecy and of the needs of the parties.

Paragraph 7—The holding of hearings will not prevent Secex from reaching a preliminary or final determination.

Article 32—The interested parties may ask, in writing, to see the information pertaining to the case, and the information will promptly be made available to the parties requesting it, secret information and the government's internal documents excepted. The parties in question will be given the opportunity to defend their interests, in writing, on the basis of the said information.

Subsection III—Conclusion of Investigation

Article 33—Before the report in preparation for a final decision is formalized, Secex will hold a hearing at which the interested parties will be informed of the basic facts forming the basis of its report. The interested parties will be given 15 days, counting from the date of the hearing, in which to express their opinions.

Paragraph 1—The National Agriculture Confederation (CNA), the National Confederation of Industry (CNI), the National Confederation of Commerce (CNC), and the Brazilian Foreign Trade Association (AEB) will also be informed of the basic facts forming the basis of the Secex report.

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Paragraph 2—At the end of the period referred to in the first paragraph above, investigation of the case will be considered closed, and information received after that date will not be considered in reaching the final determination.

Paragraph 3—Also applying to this article are the provisions of Article 31, paragraphs 3, 4, 5, and 6.

Section IV—Temporary Antidumping Measures

Article 34—Temporary antidumping measures may be implemented only if:

I. An investigation has started in accordance with the provisions of Chapter V, Section II, the notice announcing the start of the investigation has been published, and the interested parties have been given an adequate opportunity to express themselves;

II. A preliminary determination has been made that dumping exists and that there is consequent injury to domestic industry;

III. The authorities referred to in Article 2 decide that such measures are necessary to prevent injury from occurring during the course of the investigation; and:

IV. At least 60 days have passed since the start of the investigation.

Paragraph 1—The amount imposed by the temporary antidumping measure may not exceed the dumped margin.

Paragraph 2—Temporary antidumping measures will take the form of a temporary duty or bond, the amount of which will be equivalent to the temporarily established amount of the antidumping duty.

Paragraph 3—If a temporary duty is imposed, it will be collected, and if a bond is required, it will be deposited, in the form of a cash deposit or bank surety bond, together with a statement of responsibility.

Paragraph 4—The requirement that temporary duties be paid may be suspended until a final determination is reached, provided that the importer provides a bond equivalent to the total value of the obligation.

Paragraph 5—The interested parties will be notified of the decision to implement temporary antidumping measures, and a notice containing that decision will be published in the DIARIO OFICIAL DA UNIAO.

Paragraph 6—The Federal Revenue Secretariat will determine the form to be taken by the bond referred to in paragraph 2.

Paragraph 7—Customs clearance of the goods that are the object of temporary antidumping measures will depend upon payment of the duty or deposit of the bond.

Paragraph 8—Temporary antidumping measures will remain in effect for a period not to exceed four months, unless, however, that by a decision of the authorities referred to in Article 2 and at the request of exporters accounting for a significant percentage of the trade in question, the period in question is extended to last up to six months. Exporters who desire an extension of the period covered by the temporary antidumping measure will request it in writing at least 30 days before the end of the effective period of the measure.

Paragraph 9—If it is decided during the course of the investigation that a temporary antidumping measure in an amount less than the dumped margin is sufficient to offset the injury done, the periods provided in the preceding paragraph will be extended to six and nine months respectively.

Section V—Price Agreements

Article 35—Procedures may be halted without continuing the investigation and without imposing temporary antidumping measures or antidumping duties if the exporter voluntarily accepts satisfactory agreements for revising prices or abandoning exports to Brazil at dumped prices, provided that the authorities referred to in Article 2 are convinced that the agreement in question eliminates the harmful effect arising from dumping.

Paragraph 1—The price increase stipulated in those agreements will not exceed what is necessary to eliminate the dumped margin and may be limited to what is necessary to halt the injury to domestic production.

Paragraph 2—Exporters will propose price agreements or accept those proposed by Secex only after a preliminary determination has been made that dumping and injury caused by dumping exist.

Paragraph 3—Exporters are not obliged to propose a price agreement, nor will they be forced to accept those proposed to them. If they decline to do either, such a decision on their part will not have a prejudicial effect on consideration of the case, nor will it change the preliminary determination that has been reached.

Paragraph 4—Secex is given authority to reject proposed price agreements if it considers that accepting them would be ineffective.

Paragraph 5—If the proposal is rejected, and if it is possible to do so, the exporter will be advised of the reasons for which acceptance of the offer is considered inappropriate and given the opportunity to respond.

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Article 36—If the price agreement is accepted, the notice containing the decision to ratify that agreement will be published in the DIARIO OFICIAL DA UNIAO and will include, as appropriate, notice that the investigation will be continued or suspended, the interested parties being so notified.

Single paragraph—The investigation of dumping and injury must be continued if the exporter so desires or if the authorities referred to in Article 2 so rule.

Article 37—The exporter with whom a price agreement has been established must, if requested, provide on a periodic basis information relative to compliance with the agreement and allow verification of the relevant data.

Single paragraph—Violation of the provisions of this article will be considered a violation of the agreement.

Article 38—If the agreement is violated and the investigation is suspended, the authorities referred to in Article 2 may take steps with a view to the immediate implementation of temporary antidumping measures based on the best information available, and the investigation will be resumed.

Single paragraph—The interested parties will be notified that the agreement has been terminated and advised of the temporary antidumping measures being implemented. The notice containing that decision will be published in the DIARIO OFICIAL DA UNIAO.

Section VI—Conclusion of Investigation

Article 39—Investigations will be concluded within one year after being started except in exceptional circumstances, when they may be extended to 18 months.

Article 40—The petitioner may request at any time that the case be abandoned. If the request is granted, the investigation will be closed. If Secex decides that the investigation will continue, that fact will be communicated to the petitioner in writing.

Article 41—An investigation will be closed without the imposition of antidumping duties if:

I. There is insufficient proof of the existence of dumping or of injury resulting from it;

II. The dumped margin is minimal, as provided in Article 14, paragraph 7; or:

III. The volume of imports that are the object of real or potential dumping, or the injury caused, is insignificant as provided in Article 14, paragraph 3.

Article 42—An investigation will be closed with the imposition of duties when Secex reaches a final determination of the existence of dumping, injury, and a causal connection between them.

Single paragraph—The amount of the antidumping duty may not exceed the dumped margin.

Article 43—In cases where a price agreement has been accepted and the investigation subsequently continues:

I. If Secex reaches a negative determination regarding the existence of dumping and resulting injury, the investigation will be closed and the agreement automatically canceled, except when the negative determination is due in large part to the very existence of the price agreement, in which case it may be required that the agreement remain in force for a reasonable period of time in accordance with the provisions of this decree.

II. If the authorities referred to in Article 2 conclude, on the basis of the report by Secex, that dumping and resulting injury have occurred, the investigation will be closed and implementation of the permanent duty will be suspended during the life of the agreement, provided that the terms of that agreement and the provisions of this decree are complied with.

Paragraph 1—For the purposes of this article, the provisions of Article 37 will apply.

Paragraph 2—If the agreement is violated, based on the results of the investigation that is carried out, the authorities referred to in Article 2 may take steps for the immediate imposition of antidumping duties.

Paragraph 3—The interested parties will be notified of the termination of the agreement and of the antidumping duty being imposed. The notice containing the said decision will be published in the DIARIO OFICIAL DA UNIAO.

Article 44—The notice containing the ruling or decision to close the investigation in those cases covered by this section will be published in the DIARIO OFICIAL DA UNIAO. The interested parties will be notified that the investigation has been closed.

Single paragraph—If a decision is made to close the investigation and impose antidumping duties, the notice containing that decision must name the supplier or suppliers of the product in question and the duties applying to them. If the number of suppliers is especially large, the notice will contain the names of the supplier countries involved along with the respective duties being imposed.

Chapter VI—Imposition and Collection of Antidumping Duties

Section I—Imposition

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Article 45—For the purposes of this decree, the expression "antidumping duty" means an amount of money equal to or less than the verified dumped margin and calculated and imposed in conformity with this article for the exclusive purpose of neutralizing the harmful effects of the dumped imports.

Paragraph 1—The antidumping duty will be calculated by applying ad valorem or specific rates, fixed or variable rates, or a combination of the two.

Paragraph 2—The ad valorem rate will be applied to the customs value of the merchandise on a CIF [cost-insurance-freight] basis as provided by relevant legislation.

Paragraph 3—The specific rate will be fixed in U.S. dollars and converted into national currency as provided by relevant legislation.

Article 46—Antidumping duties imposed on imports originating with known exporters or producers which were not included in the selection referred to in Article 13 but which supplied the requested information may not exceed the weighted average of the dumped margin established for the selected group of exporters or producers.

Paragraph 1—In implementing the provisions of this article, zero or minimum margins will not be taken into account, nor will margins established in the circumstances referred to in Article 27, paragraph 3.

Paragraph 2—The authorities referred to in Article 2 will impose individually calculated duties on imports originating with any exporter or producer which was not included in the selection but which supplied information requested during the investigation, as provided in Article 13, paragraph 4.

Article 47—In implementing the provisions of Article 17, subsection II, antidumping duties will be due only on those products in question which are intended for final consumption in a market that was considered a separate domestic industry for the purposes of the investigation as provided in Article 17, paragraph 4.

Section II—Collection

Article 48—When an antidumping duty is imposed on a product, it will be collected separately from any obligations of a tax nature relating to the importation of that product and in an amount appropriate to each case, and it will be collected without distinction on all imports of the product that are considered to have taken place at dumped prices and to have caused injury to domestic industry, regardless of origin.

Single paragraph—Duties will not be collected on those imports from exporters with whom price agreements have been signed.

Section III—Products Subject to Temporary Antidumping Measures

Article 49—Except in the cases stipulated in this section, temporary antidumping measures and antidumping duties may be imposed only on imported products that are shipped for consumption after the date of publication of the notice containing the decisions referred to in Articles 34 and 42.

Article 50—If the final determination is that no dumping or injury resulting from it exists, the amount of the temporary antidumping measures will be returned if it was collected, refunded if in the form of a guarantee deposit, and canceled if in the form of a bank bond.

Article 51—If the final determination is that a threat of material injury or of a sizable delay in the establishment of an industry exists but no material injury has occurred, the amount of the temporary antidumping measures will be returned if it was collected, refunded if in the form of a guarantee deposit, and canceled if in the form of a bank bond unless it is found that in the absence of temporary antidumping measures, the imports that were the object of dumping would have led to a determination that material injury had occurred, in which case the provisions of the following articles will apply.

Article 52—If the final determination is that dumping and injury resulting from it exist, the following rules will apply:

I. If the amount of duty imposed by the final decision is less than the amount of duty collected temporarily or guaranteed by deposit, the excess will be returned or refunded respectively.

II. If the amount of duty imposed by the final decision exceeds the amount of duty collected temporarily or guaranteed by deposit, the difference will not be demanded.

III. If the amount of duty imposed by the final decision is equal to the amount of duty collected temporarily or guaranteed by deposit, the amounts will be automatically converted into permanent duties.

Article 53—If the final determination is that dumping and injury resulting from it exist and the amount of duty imposed by the final decision, in the case of a guarantee in the form of a bank bond, is greater than or equal to the amount of the temporarily established duty, the amount corresponding to the guaranteed amount is to be collected immediately. If the amount is less than

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the amount of the temporarily established duty, only the amount corresponding to the amount established by the final decision will be collected.

Single paragraph—Collection of the amounts referred to in the first paragraph of this article will result in cancellation of the bond. If payment is not made, the bond will automatically become due without regard to any legal or extralegal notice, as provided by relevant legislation.

Article 54—Permanent antidumping duties may be collected on imported products which are the object of dumping and which were shipped for consumption up to 90 days before the effective date of temporary antidumping measures, provided that with regard to the product in question, it has been determined that:

I. There is a prior history of injury-causing dumping or that the importer was or should have been aware that the producer or exporter was engaged in dumping and that the latter would cause injury.

II. The injury is caused by large imports of a product at dumped prices within a relatively short period of time, a situation which, considering the period in which they took place, the volume of imports being dumped, and the rapid increase in inventories of the imported product, will probably seriously harm the corrective effect of the applicable permanent antidumping duties, provided, however, that the importers involved are given the opportunity to respond to the measure.

Single paragraph—Duties will not be collected on products which were shipped for consumption before the date on which an investigation begins.

Article 55—If a price agreement is violated, permanent antidumping duties may be collected on imported products that were shipped for consumption up to 90 days before the effective date of the temporary antidumping measures stipulated in Article 38, with the exception of those that were shipped before the agreement was violated.

Chapter VII—Duration and Review of Antidumping Duties and Price Agreements

Article 56—Antidumping duties and price agreements will remain in effect only as long as the need to neutralize injury-causing dumping lasts.

Article 57—Every permanent antidumping duty will be abolished no later than five years after it is imposed, or five years counting from the date of the most recent review of dumping and the injury resulting from it.

Paragraph 1—The period referred to in the first paragraph of this article may be extended in response to a duly justified request submitted by domestic industry or on its behalf, or at the initiative of agencies or entities of the Federal Government or Secex, provided that it is demonstrated that abolishing the duties would very probably lead to the continuation or resumption of dumping and the injury resulting from it.

Paragraph 2—The interested parties will have five months before the ending date of the period referred to in the first paragraph above to express themselves in writing regarding the appropriateness of a review and to request a hearing if necessary.

Paragraph 3—Reviews will be made in accordance with the provisions of Chapter V, Section III, and must be concluded within 12 months of the date on which they begin. The notices containing the order to begin and conclude reviews will be published in the DIARIO OFICIAL DA UNIAO, and the known interested parties will be notified.

Paragraph 4—Duties will remain in effect as long as the review continues.

Paragraph 5—The provisions of this article apply to price agreements accepted under the terms of Article 35.

Article 58—A complete or partial review of decisions relative to imposition of the antidumping duty will be undertaken at the request of an interested party or at the initiative of an agency or entity of the Federal Government or Secex, provided that at least one year has passed since permanent antidumping duties were imposed and sufficient evidence has been submitted to the effect that:

I. Imposition of the duty is no longer necessary to neutralize dumping.

II. It is improbable that the injury will continue or be repeated if the duty is revoked or amended.

III. The existing duty is not or is no longer sufficient to neutralize injury-causing dumping.

Paragraph 1—In exceptional cases involving substantial changes in circumstances, or when doing so is in the national interest, reviews may be conducted at shorter intervals at the request of an interested party or agencies or entities of the Federal Government or at the initiative of the investigating agency.

Paragraph 2—Once the existence of evidence justifying a review is verified, the review will begin, the notice containing that order will be published in the DIARIO OFICIAL DA UNIAO, and the known interested parties will be notified.

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Paragraph 3—The review will be completed within 12 months of the date on which it begins, and it will be conducted in accordance with the provisions of Chapter V, Section III.

Paragraph 4—Until the review is completed, duties will not be revised, and they will remain in effect until the review is completed.

Paragraph 5—Based on the results, and depending on the evidence collected during the review, the authorities referred to in Article 2 may abolish, retain unchanged, or revise the antidumping duty. If it is found that the duty in effect is higher than necessary for neutralizing the injury to domestic industry or is no longer justified, the proper restitution will be ordered.

Paragraph 6—The notice containing the decision to conclude the review will be published in the DIARIO OFICIAL DA UNIAO, and the known interested parties will be notified.

Paragraph 7—The provisions of this article apply to price agreements accepted under the terms of Article 35.

Article 59—When a product is subject to antidumping duties, there will be an immediate summary review, if requested, for the purpose of quickly determining individual dumped margins for any exporters or producers in the exporting country in question that did not export the product to Brazil during the period of the investigation. This is provided that those exporters or producers can demonstrate that they have no relationship with the exporters or producers in the exporting country that are subject to the antidumping duties imposed on their products.

Paragraph 1—Antidumping duties will not be collected during the course of the summary review on imports originating with the exporters or producers referred to in the first paragraph of this article.

Paragraph 2—Once the review begins, Secex will notify the Federal Revenue Secretariat so that the latter can take the appropriate steps making it possible, if dumping is found to exist, to collect antidumping duties on imports originating with the producers or exporters in question, effective with the date on which the summary review began.

Article 60—Antidumping duties may be suspended for one year, and that period may be extended for another year, if there are temporary changes in market conditions, provided that the injury is not repeated or does not continue because of the suspension, and that domestic industry is consulted.

Single paragraph—The duties may be reimposed at any time if the suspension is no longer justified.

Chapter VIII—Publicity

Article 61—Notices resulting from decisions by the authorities referred to in Article 2 and from rulings by Secex will be published in the DIARIO OFICIAL DA UNIAO and will contain detailed information about the conclusions reached regarding every matter of fact and law considered pertinent.

Single paragraph—For notification purposes, a copy of the notices mentioned in the first paragraph of this article will be sent to the government(s) of the country or countries exporting the products that have been the object of investigation, as well as to the other known interested parties.

Chapter IX—Antidumping Measures on Behalf of a Third Country

Article 62—Acting through its authorities, a third country may submit a petition to adopt antidumping measures.

Paragraph 1—The petition must include price information making it possible to demonstrate that the imports are being made at dumped prices, and that the alleged dumping is causing injury to the domestic industry of the country in question.

Paragraph 2—Examination of the petition will take into account the effects of the alleged dumping on the subject industry as a whole in the third country's territory. Injury will not be evaluated solely in terms of the effect of the alleged dumping on exports of the product to Brazil or in terms of total exports of the product.

Paragraph 3—If an investigation is started, the Brazilian Government will request the approval of the Council for Goods Trade of the World Trade Organization (WTO).

Chapter X—Form of Procedural Acts and Documents

Article 63—Procedural acts and documents do not require a special form, and the interested parties must observe the instructions in this decree and those by Secex in preparing petitions and documents in general, otherwise the said petitions and documents will not be made a part of the case.

Paragraph 1—The only requirement will be compliance with instructions published before the start of the procedure or those stipulated in the notice sent separately.

Paragraph 2—Procedural acts and documents will be in writing, and hearings must be transcribed in full. Use of

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the Portuguese language is compulsory, and documents written in other languages must be translated by a public translator before being submitted.

Paragraph 3—Procedural acts are public, and the right to consult the documents and request official information on the progress of an investigation is restricted to the parties and their proxies, subject to the provisions of Article 32 with respect to the secrecy of information and of internal government documents.

Paragraph 4—Requests for official information will be accepted only after 30 days have passed since the start of the investigation or since the last previous request submitted by the same party.

Chapter XI—Decisionmaking Process

Article 64—Determinations and decisions, whether preliminary or final, regarding an investigation will be adopted based on a report by Secex.

Paragraph 1—Within 20 days of the date on which that report is received by the secretary of foreign trade, Secex will publish a notice containing the decision to begin an investigation, extend the period of the investigation, abandon the case and the petitioner's request, begin the process of reviewing a permanent duty or price agreements, or close an investigation without adopting any measures.

Paragraph 2—Within 10 days of the date on which the report is received by the Ministers of Industry, Commerce, and Tourism and of Finance, a notice will be published containing the decision to implement temporary antidumping measures, extend measures already adopted, accept or terminate price agreements, close an investigation with the imposition of duties, or suspend a permanent duty, or the results of a review of permanent duties or price agreements.

Paragraph 3—In exceptional circumstances, even though there is proof of dumping and of injury resulting from it, the authorities referred to in Article 2 may decide, for reasons of national interest, to suspend imposition of a duty or not to approve price agreements or, subject to the provisions of Article 42, single paragraph, to impose a duty in an amount different from that recommended, in which latter case the notice must contain the reasons underlying that decision.

Title II—Special Procedures

Chapter I—On-Site Investigations

Article 65—Once an investigation begins, the authorities of the exporting country and the companies concerned will be informed of the intention to conduct on-site investigations.

Paragraph 1—In exceptional circumstances, if there is an intention to include nongovernmental experts on the investigating team, the companies and government of the exporting country will be informed of that fact, and those experts, if they break the seal of secrecy, will be subject to the penalties provided in Article 325 of the Brazilian Penal Code.

Paragraph 2—The express consent of the companies concerned in the exporting country must be obtained in advance of a visit.

Paragraph 3—Once the consent referred to in the preceding paragraph has been obtained, the authorities of the exporting country will be informed immediately, by note, of the names and addresses of the companies that will be visited, as well as of the scheduled dates of those visits.

Paragraph 4—The companies concerned will be informed of the visit sufficiently far in advance.

Paragraph 5—Visits for the purpose of explaining the questionnaire referred to in the first paragraph of Article 27 may be conducted only at the request of the producing or exporting company and may take place only if Secex notifies a representative of the country in question, and the latter does not object to the visit.

Paragraph 6—The visit will be conducted only after the questionnaire is returned unless the company agrees otherwise and the government of the exporting country is informed of the early visit and does not object.

Paragraph 7—Before the visit takes place, the companies concerned will be informed of the general nature of the information desired, and during the visit, requests for additional explanations may be made as a consequence of the information obtained.

Paragraph 8—Responses to requests for information or questions asked by the authorities or companies in the exporting country are essential to good results from the on-site investigation, and whenever possible, they should be provided before the visit takes place.

Chapter II—Best Information Available

Article 66—As soon as an investigation begins, the parties concerned will be advised in detail of the information required, the form in which the said information should be provided, and the deadline for providing it.

Paragraph 1—The party will be notified that failure to provide the information within the time specified will cause determinations to be based on available facts, including those contained in the petition to begin the investigation.

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Paragraph 2—Determinations will take into account verifiable information which has been suitably presented and is therefore usable in the investigation without difficulty and which has been presented on time.

Paragraph 3—If Secex does not accept an item of information, it will immediately inform the party concerned of the reason for rejecting it so that the latter can provide new applications [as published] within a specified time, subject to the deadline for completing the investigation. If the explanations are not satisfactory, the reasons for rejecting them must be included in the documents containing any decision or determination.

Paragraph 4—If an interested party does not provide requested information or provides it only partially and the important information in question is not brought to the attention of the investigating authorities, the result may be less favorable to that party than would have been the case if it had cooperated.

Paragraph 5—If information from secondary sources, including that furnished in the petition, is used in making a determination, an attempt will be made to compare it with information from independent sources or with that from other interested parties.

Paragraph 6—Secex may request that an interested party provide its responses in computer language.

Paragraph 7—If an interested party does not use computerized accounting or if supplying responses in that form represents an additional burden because of the unjustified increase in costs and difficulties, that party will not be obliged to present the information in the form referred to in the preceding paragraph.

Paragraph 8—In cases where Secex does not have specific equipment for processing information because it received it in a computer language not compatible with its operating system, the information must be supplied in the form of written documents.

Chapter III—General Provisions

Article 67—The periods of time stipulated in this decree will consist of consecutive days.

Article 68—The periods of time referred to in this decree may be extended one time only and for the same period of time except in cases where the extension period is already specified.

Article 69—Actions not in compliance with the provisions of this decree will be null and void.

Article 70—The procedures established by this decree will not prevent the proper authorities from acting promptly in connection with any decisions or determinations and will not constitute a hindrance to customs clearance.

Article 71—For the purposes of this decree, the term "industry" also includes activities related to agriculture.

Article 72—The ministers of state of industry, commerce, and tourism and of finance will issue supplementary regulations for the implementation of this decree.

Article 73—This decree takes effect on the date of its publication.

Brasilia, 23 August 1995, the 174th year of independence and the 107th year of the Republic.

[Signed] Fernando Henrique Cardoso, Luiz Felipe Lampreia, Pedro Malan, Dorothea Werneck, Jose Eduardo de Andrade Vieira, Jose Serra

Chile

Government 'Satisfied' Over 'Fast Track' Approval

PY2209002595 Madrid EFE in Spanish
2311 GMT 21 Sep 95

[FBIS Translated Text] Santiago, 21 Sep (EFE) — The Chilean Government today expressed satisfaction over the approval of the so-called "fast track" [preceding two words in English] treatment for Chile's entry into NAFTA.

This was expressed during a joint news conference granted by Foreign Minister Jose Miguel Insulza and Finance Minister Eduardo Aninat.

The ministers said the "fast track" mechanism was voted on favorably by the House of Representatives Ways and Means Committee with the exclusion of the environment and labor clauses, a decision that must be reviewed by the House plenum and finally by the Senate.

Although President Bill Clinton's Administration wanted to include those two clauses, Foreign Minister Insulza feels "this is not relevant because they are just two annexes of a 22-point treaty" and we can continue on the basis of what was approved.

More on NAFTA Approval

PY2209145795 Santiago Television Nacional de Chile Imagen Internacional in Spanish
1100 GMT 22 Sep 95

[FBIS Translated Text] The Chilean Government reacted with moderate enthusiasm to the news of the approval of the fast track [two preceding words in English]. Foreign Minister Jose Miguel Insulza said that

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since there is no common agreement among U.S. congressmen, problems may emerge in the next steps to be taken for its final approval.

[Begin recording] [Unidentified reporter] Both the Foreign and the Finance Ministries said that the approval was an important step. They labeled the project as favorable and adequate for Chilean interests.

[Insulza] We are aware, however, that having been approved by a House of Representatives committee, there may still be problems in future negotiations and implementation. But we believe this is an important step, and we hope that in the upcoming days negotiations will be carried out between the different sectors of the U.S. Congress to seek an agreement.

[Reporter] According to the government, the clauses on environment and the labor involved in the project do not complicate things for Chile because our country fulfills all the regulations demanded by NAFTA in this regard. It is clear, however, that timeframe is becoming shorter and Chile must conclude the negotiations to join NAFTA before the electoral campaign begins in the United States, and there are only a few months left before that.

[Finance Minister Eduardo Aninat] This situation forces all parties — Canada, the United States, Mexico, and also Chile — to expedite, to intensify, and to work day and night in the negotiations because the decision must still be reviewed by the House plenum and the Senate.

[Reporter] Aninat made it clear that Chile will not negotiate any essential issue if the Clinton administration does not have the fast track mechanism, otherwise there is the risk that the U.S. Congress may reject what the government negotiated. [end recording]

Complicated Aspects of 'Fast Track' Approval Evaluated

PY2109224995 Santiago EL MERCURIO in Spanish 17 Sep 95 pp A1, A16

[Article by Elia Simeone]

[FBIS Translated Excerpt] The negotiations being held in Washington for the approval of the "fast track" are becoming intense and heated. Its approval may fail due to disagreements on domestic issues such as the debate for reducing the budget and because of political and ideological aspects related to environmental and labor issues which could be used as condition for its approval. [passage omitted]

Chilean Ambassador to Washington John Biehl said it is difficult to predict now and, as another government spokesmen said, failure to get the "fast track" approved would lead Chile "to evaluate the situation and make important decisions." [passage omitted]

This issue is creating concern not only in Chile but also in the Clinton administration. Yesterday, Ambassador Biehl held a working lunch with U.S. Ambassador to Chile Gabriel Guerra Mondragon who, like Biehl, is meeting in Washington with congressional and White House officials.

In view of the upcoming decision, Santiago officials have been careful not to make optimistic comments and are remaining cautious.

One of the main arguments used by Finance Minister Eduardo Aninat, who is also the chief negotiator, and Foreign Minister Jose Miguel Insulza is that this situation should not be dramatized because the country will not be seriously affected if the Clinton administration does not get the "fast track." The two ministers have been careful to warn their U.S. counterparts — the recent trip by President Eduardo Frei to Mexico was also used for this purpose — that without that authorization Chile will not continue to negotiate important issues such as tariff reductions.

The ministerial confidence lies mainly on the fact that Chile's participation in the international economy is based on its balanced distribution in the main world markets: about 33 percent of exports go to our continent; 28 percent to the EU; and 32 percent to Asia.

Trade with NAFTA (Canada, the United States, and Mexico) last year represented 24 percent of Chilean exports, reaching $2.1293 billion in exports and $3.1884 billion in imports.

If one also considers that U.S. and Canadian investments in Chile represent 49 percent of foreign capital from 1973 to 1994, it is clear that the Chilean interest in joining the NAFTA is the international prestige it would represent. [passage omitted]

Ambassador Biehl pointed out that the political environment in Washington created by the budget debate has complicated the situation and could even be the cause of the complete defeat of the "fast track." [passage omitted]

Despite this negative aspect, Ambassador Biehl believes one must be optimistic.

Biehl said this is why the embassy is trying to remain as well informed as possible on the domestic debate and the considerations on NAFTA.

Biehl believes if the vote is positive on 22 September, it will not yet be a final victory because around the third week in October a full session of Congress will debate

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the "fast track" and this is where the pressure groups will exert their influence.

Biehl concluded: "It is not an easy moment, we must go step by step."

Uruguay's Ramos: Negotiations With Mercosur Going Well

PY2209040095 Santiago EL MERCURIO in Spanish 21 Sep 95 p C5

[FBIS Translated Text] Uruguayan Foreign Minister Alvaro Ramos, who is making an official visit to our country, yesterday made a positive balance of the negotiations process Chile is carrying out with the four member countries of the Common Market of the South [Mercosur].

The foreign minister said negotiations for Chile's entry into Mercosur, beyond the differences that have been prompted by the list of excepted products or tariff mechanisms, are "developing well."

He said: "There might still be some need to adjust ideas, but things are developing well, and by December we will surely be ready to sign an initial agreement with Chile that would allow us to achieve or obtain a list of areas and products."

Ramos, who was accompanied by Uruguayan Agriculture Minister Carlos Gasparri and Chilean Foreign Minister Jose Miguel Insulza, met President Eduardo Frei yesterday.

The Uruguayan foreign minister said that they analyzed the formulas they are discussing to firm up the possible Chilean association with Mercosur, following the timetable of negotiations reached at the last summit of Mercosur countries' presidents, held in Paraguay.

After the first meeting of the Chilean and Mercosur technical teams, held in Montevideo on 21 August, when the lists of excepted products were exchanged, the groups will hold a new round of meetings on 25 September.

Insulza said that the Uruguayan view of the process is very optimistic, which must be assessed by the foreign and economic ministers during the Ibero-American summit, to be held in Bariloche in mid-October.

Supreme Court Disagrees With Frei's Human Rights Proposal

PY2109232095 Santiago EL MERCURIO in Spanish 16 Sep 95 pp A1, A19

[FBIS Translated Excerpt] Valparaiso — In a note to the Senate, the Supreme Court yesterday released its favorable opinion and its objections to the government proposal to solve the problem of human rights and missing detainees.

The Supreme Court Plenum made a number of objections to President Frei's proposal, and although the majority does not reject it, there was a dissident vote of one of the three justices who claimed that this initiative is "unnecessary and irrelevant" because it does not contribute to the intended national reconciliation.

Another justice said, however, that the judges' work will be "fruitless and ineffective" in establishing the whereabouts of the missing-detainees because the Rettig Commission was not successful in the matter.

The Supreme Court report rejects the designation of Appellate Court members to exclusively hear the trials for human rights violations (which are estimated at 800) because it brings with it many problems that distract these judges from their regular duties and which will disrupt the normal functioning of the courts affected by such designations.

The report adds that Article 3, which establishes the rules by which these justices must abide in dealing with these trials, would be unconstitutional because it establishes prohibitions for the justices in performing their own jurisdictional duties.

Concerning the financing of the project, the Supreme Court feels the expenditure must be subjected to a special budget, because the judicial branch is not in a position to face this expenditure (370 million pesos yearly) with its own budget, which is in itself extremely limited. [passage omitted]

Colombia

Samper: De La Calle Clarified EL PAIS Headline

PA2409034895 Madrid EFE in Spanish 2329 GMT 23 Sep 94

[FBIS Translated Text] Buenaventura, Colombia, 23 Sep (EFE) — Colombian President Ernesto Samper today reported that Humberto de la Calle Lombana, vice president and ambassador to Spain, explained that the headline the Spanish newspaper EL PAIS used to report on an interview with him did not correspond with his words.

In Buenaventura, a city located on the coast, Samper said that de la Calle phoned him from Madrid and told him that his remarks for the Madrid newspaper had been misrepresented in the headline. In a meeting with the Colombian press, Samper said: "The headline (...) does not coincide with the contents of de la Calle's interview."

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De la Calle also clarified the matter through remarks for Santa Fe de Bogota radio stations and through a communique released this afternoon by the Presidency's Press Secretariat in the capital. "Regarding news carried by international agencies today (Saturday), I wish to clarify that such news were based on a wrong headline which EL PAIS used to report remarks of mine on behalf of Colombia," de la Calle's note reported. "I did not say I was convinced that drug-trafficking money had played a part in Samper's campaign. I said there were clues in this direction and that such clues had moved Samper himself to request an investigation, a gesture which had not been adequately appreciated."

Asked by Colombian newsmen whether a conspiracy against the government had also been mounted abroad, Samper replied: "Not at all. I think this is a simple problem of a journalist's headline."

He said that in Colombia there is no institutional crisis but "a situation of uncertainty, which will be clarified as soon as possible (...) for the good of all Colombians."

Since late in July, Samper has been confronting a delicate crisis due to reports by Santiago Medina, former treasurer of his political campaign, about a reported infiltration of drug traffickers' money into his election. The charges led to Defense Minister Fernando Botero Zea's resignation and arrest later on instructions from the Prosecutor General's Office, which had earlier ordered the arrest of Medina and Juan Manuel Avella, manager of the government agency Financial Institutions' Guarantee Fund [FOGAFIN].

Botero was director general of Samper's campaign and Avella administrative director.

Samper on Fishing Boat Incident, Venezuela's Stance

PA2209141195 Santa Fe de Bogota EL TIEMPO in Spanish 19 Sep 95 pp 1A, 8A

[FBIS Translated Text] The Colombian Government, through its Foreign Ministry, has sent a diplomatic note to the Venezuelan Government. The note expresses Colombia's "amazement" for the attack on the vessel Redes 3.

The ship was attacked last week by a Venezuelan patrol while fishing north of La Guajira.

The contents of the note were not totally published, because, according to a high Foreign Ministry official, the situation is being handled secretly. President Samper expressed his concern to the Venezuelan Government due to the fact that the boat was attacked with gunfire. According to the firm Vikingos, which owns Redes 3, a Venezuelan patrol boat fired 31 shots at the vessel that was fishing near Los Monjes Islands.

In regard to the Venezuelan Navy's confiscation of the fishing boats Redes 9, also owned by Vikingos, President Samper said that efforts are being made to establish if it was fishing in Colombian territory.

President Samper noted that there are difficulties in establishing the position of the confiscated Colombian ships, because they lack appropriate cartographic devices. He added that the ships are not equipped with the GPS system, which by means of a satellite signal can give the exact location of the ships.

"We are trying to reach an agreement with the Venezuelan Government in order to prevent incidents of this nature," President Samper said.

Ramiro Zambrano, director of territorial sovereignty in the Foreign Ministry, met with Vikingos President Augusto Mainero yesterday. After the meeting, Mainero reiterated that the vessel Redes 9 was seized while fishing 4.6 miles north of Punta Espada, and reaffirmed that it was in Colombian territorial waters. Mainero said that Vikingos carries out fishing activities with 35 fishing boats in all of the Caribbean. Additionally, he asked the government to clarify the incident through the Foreign Ministry in order to "continue our fishing activities without any problems."

Venezuelan Position

According to Maria Victoria Cristancho, EL TIEMPO correspondent in Caracas, by justifying the confiscation of the two vessels the Venezuelan Government vindicated, through its Foreign Ministry, its rights over Venezuelan territorial waters.

Acting Venezuelan Foreign Minister Milos Alcalay stated Venezuela's position regarding the two incidents and stressed they happened in Venezuelan territorial waters.

However, he did not specify where those jurisdictional waters begin or end. Alcalay made that statements after meeting in his office with Venezuelan Navy Commander Jesus Briceno Garcia to review the circumstances surrounding the confiscation of the two ships.

Alcalay said that in "all border relations, when sea waters are shared, fishing vessels usually enter the territorial waters of the other country." He added that Venezuela's concern is that "the incident could be used to create tension."

Juan Carlos Saenz, executive secretary of the Venezuelan Commission for Border Affairs, said that "the area

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patrolled by Venezuelan Navy covers all the Gulf of Venezuela and Los Monjes region, without taking into consideration any hypothetical border negotiation — except for the 12 nautical miles — that according to international agreements Colombia has the right to.

Venezuelan Foreign Ministry officials recommended moderation to avoid straining diplomatic relations between both countries.

People Flee Uraba Plantations Threatened By Violence

PA2409144695 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0130 GMT 24 Sep 95

[From the "AM/PM Newscast"]

[FBIS Translated Excerpt] According to authorities, more than 30,000 people have fled Uraba. The area's silent and definite change can be seen in the faces of fear, the images of desertion, and the forced migration of those who, like pariahs, leave their marks in an abandoned house that has three plantain plants in the [words indistinct] planted when the resident still had hope. [passage omitted]

Thirty thousand people have fled the area, and the resulting situation must be looked at from its costs. The banana industry's abundance, development, and progress has to be compared to the abandoned plantations; life versus death; and amid all this, a woman, a husband, their children.

[Begin unidentified speaker recording] I will tell you something, if I have an opportunity of getting out of here alive, well, [words indistinct] [end recording]

Workers in Uraba Region Not To Suspend Work

PA2209155295 Santa Fe de Bogota Emisoras Caracol Network 1200 GMT 21 Sep 95

[From "Caracol's 0600 to 0900" newscast]

[FBIS Translated Text] Santa Fe de Bogota — The Workers Union From Antioquia's Uraba Banana Region [Sindicato de Trabajadores de la Zona Bananera del Uraba Antioqueno] has announced production will not be suspended following the murder of 25 [number as heard] workers. The authorities have attributed the killings to the FARC [Revolutionary Armed Forces of Colombia].

However, the Colombian Banana Farmers Association [Asociacion de Bananeros de Colombia] stated that since Wednesday [20 September] banana production and shipments to foreign markets has been paralyzed in the Uraba region.

The Workers Union said it will not suspend production, because, they argue, that is what the FARC guerrillas want.

Last night, Uraba authorities began to implement a number of special and urgent public order measures dictated by President Ernesto Samper Pizano to handle the rebels in that region of the country.

Banker Discusses High Interest Rates

PA2209232895 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 22 Sep 95

[Telephone interview with Bankers Association President Cesar Gonzalez Munoz by reporters Dario Arizmendi and Jairo Torreon in Santa Fe de Bogota during "Caracol's 0600 to 0900" newscast — live]

[FBIS Translated Text] [Arizmendi] Within the framework of the annual ACOPI [Colombian Association of Small Industries] assembly, President Ernesto Samper Pizano said yesterday: What little businessmen earn during the day, bankers take away during the night. Bankers Association President Cesar Gonzalez, good morning.

[Gonzalez] Good morning.

[Arizmendi] Has the president described a cruel reality?

[Gonzalez] No, that is really not the cruel reality. The reality in Colombia is that financing costs are very high. That does not just hurt small and middle-sized businessmen, but everybody as well. What is worse, when interest rates are very high, as was the case until very recently, financial entities also feel the impact. This sounds like a paradox, but economists understand why this happens.

Now, let me tell you briefly that although it seems to me President Samper made a superficial remark in a facetious manner, I believe his remark was unfortunate. In his speech to inaugurate the meeting, the ACOPI president said that there was indeed concern over the high cost of financing. The proposals he made on the topic of handling interest rates deserve to be looked into.

When referring to this matter in his improvised speech, since he did not bring a prepared statement, President Samper made that remark in a speech that I found to be peppered with facetious or playful comments. He uttered that remark, which ultimately hurt the financial sector a little.

[Arizmendi] Was the president in a bad mood yesterday?

[Gonzalez] Quite the contrary, he was in a very contagious mood, if you like. [chuckles]

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[Arizmendi] Why do interests rate remain so high? They are not so high anymore.

[Gonzalez] They are not so high anymore. But, Dario, one has to say this. First, if interest rates were terribly high until very recently, the consensus in the country from an academic, analytical, and even governmental standpoint was that... [pauses] even the government's monetary authorities acknowledged this was caused by a monetary policy, a decision by the monetary authorities, it was not that the financial system had committed a kind of deadly sin.

The other thing is that the government — the president — lacks the authority or power to interfere in the interest rates. This is a matter that falls within the purview of the Bank of the Republic's board of directors, which is an independent, nongovernment, monetary authority.

[Arizmendi] As president of the Bankers Association, do you think interest rates will remain at the present level or will they go down or up during the last period of the year?

[Gonzalez] I think bankers, businessmen of the financial system, or customers of the financial system should not harbor any hope or be concerned that interest rates will go up excessively at the end of the year. I think the monetary authority will cover the liquidity needs adequately. We may have some slight pressure on the interest rates, but it will not go beyond 1 percent or 2 percent tops at the end of the year. And very early next year, interest rates will return more or less to the current levels.

Nominal interest rates on savings and loans will go down as the inflation rate continues to go down. That relation is also very clear, and there is consensus on that. Now, it is important to point out that whenever interest rates are very high, savings accounts holders are the ones who stand to gain. There is a sort of a earnings transference from the debtors of the financial sectors to savings account holders. The financial system does not take the lion's share in this process in any way.

Those who benefited from the extremely high interest rates we had until a short while ago were the big savings account holders, major entities, or institutional investors that can manage large volumes of surplus liquidity in the financial system.

[Torreon] Recent reports by the Banking Superintendency mention the noticeable deterioration in the portfolio of the financial sector. Will banks be more cautious during this time of the year, precisely when the demand for resources is large?

[Gonzalez] No. We must look at this matter under the right scope. We must say that the Colombian financial system is one of the healthiest in Latin America. When you have a financial system whose portfolio of overdue loans — including the portfolio of one-day overdue loans — is 7 percent of its total portfolio, you have to say that that is a healthy system. The situation was that we had very low percentages on our portfolio of overdue loans. The Colombian financial system is not facing a structural or serious difficulty with regard to the portfolio of overdue debts.

Also, the rules issued by the authorities in charge of monitoring the banks, making the rating and handling of credit risk in the country tougher, are largely responsible for this situation. Now, after a very long period of growth at very high interest rates, credit in Colombia had to begin to have difficulties with some of the money the financial entities loaned in recent years. In addition, we have entered an economic cycle of deceleration. There are sectors of the economy that are clearly showing a weakening with regard to the demand for their products and with regard to the jobs they generate and their economic activity. That is reflected somewhat in the statements of the financial entities.

It seems to me that the Bankers Association foresaw all of this in an analytical manner. In this respect, the Association was indeed expecting less brilliant results for the financial system than compared to last year.

Ecuador

Reportage on Skirmishes With Peru Over Border

'Incidents' Reported on Border

PY2209180095 Quito Voz de Los Andes in Spanish 1700 GMT 22 Sep 95

[Live relay by Edwin Chamorro from the Government House Press Room]

[FBIS Translated Text] The Ecuadoran Defense Ministry released a press bulletin today reporting a few incidents on the border with Peru. The second point of the bulletin says:

At 2215 on 20 September [0315 GMT on 21 September], the Etza Viejo Detachment came under mortar and rifle fire. This was repelled without any casualties on the Ecuadoran side. At 0815 on 21 September, the same detachment came under a light exchange of rifle fire. Also on 20 September 1995, at 1200, in the (Nuevo Roque Fuerte) district, while a Twin Otter plane was carrying out normal supply operations, Peruvian military elements fired at the plane from their detachment

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in (Yasuri) without causing any damage or casualties. This bulletin of the Ecuadoran Defense Ministry says that these isolated incidents have been reported on a timely basis to the MOMEP [Ecuador-Peru Military Observers Mission], which in coordination with the liaison officers of Ecuador and Peru has taken the necessary corrective measures to prevent a recurrence of incidents which stain the pacification process being carried out successfully.

The first paragraph of the bulletin says that the Defense Ministry reports that Peruvian soldiers (Carlos Jairo Viatape) and (Pedro Buayan Capisango) became lost and entered into Ecuadoran territory. They were handed over to Peruvian officials accredited in Quito. During their handing over, it was verified that the soldiers were in good health. They left for Lima on 21 September in a private plane.

Indigenous Groups Confirm Clashes

PY2209185195 Quito Voz de Los Andes in Spanish 1707 GMT 22 Sep 95

[Report by Loira Carriel]

[FBIS Translated Text] Amazon Region Deputy (German Manchino), representing Morona-Santiago Province, has asserted that clashes between Ecuadoran and Peruvian troops continue near Lieutenant Hugo Ortiz detachment, in the Ecuadoran Amazon region.

(Manchino) maintains that some Peruvian patrols were, or are, still inside Ecuadoran territory, 3 km from Lt. Hugo Ortiz detachment. There have been reports of clashes in the last few days and recent hours. He asserts that local residents can attest this.

[Begin recording] [(Manchino)] Clashes between Ecuadoran and Peruvian patrols never ceased. Clashes continued, particularly in the Lt. Hugo Ortiz area. Clashes are constantly taking place there.

Peruvian patrols are about 3 km inside the Ecuadoran border and the Ecuadoran Army is trying to expel them from Ecuadoran territory. The region around Lt. Hugo Ortiz is well demarcated, unlike the Cenepa and Coangos region. This is the reason for the clashes.

Moreover, there are still many mines in this region. This of course causes many problems because it is impossible to detect mines in jungle areas, and so accidents occur. We refer them as accidents because we are encompassed in a pacification process, but both Ecuadorans and Peruvians are affected by them.

[Carriel] How we can confirm your statement?

[(Manchino)] During my visit to the region I was informed of this situation. Local indigenous groups verified that clashes have taken place.

Moreover, local residents are perfectly aware of those who have sustained injuries from mine explosions and in clashes. No one can hide these situations. No one can hide the detonations of mines and mortar fire. People hear them. Furthermore, indigenous groups are constantly circulating in the area.

[Carriel] Deputy (Manchino) asserts that Shuara tribe members are constantly circulating in the vicinity of the Lt. Hugo Ortiz detachment and that they have heard detonations, thus confirming that there have been clashes in this region. [end recording]

Foreign Minister: Incidents 'Must End'

PY2209234995 Madrid EFE in Spanish 2151 GMT 22 Sep 95

[FBIS Translated Text] Quito, 22 Sep (EFE) — Ecuadoran Foreign Minister Galo Leoro said today that armed incidents with Peruvian troops such as those that took place on 20 and 21 September "must end," while a spokesman of the National Security Council (Cosena) said that the situation "is under control."

After a meeting with Cosena to evaluate the situation, Leoro said that "there have been incidents, but they have had no consequences whatsoever. There were no casualties, nothing happened, but we have informed MOMEP [Ecuador-Peru Military Observers Mission] about the incidents, which must end."

Army General Telmo Sandoval, secretary of Cosena, which is chaired by Ecuadoran President Sixto Duran-Ballen, stated that there is no tension whatsoever in the area of the incidents on the Amazon border, and that "everything is under control."

Both Duran-Ballen and Sandoval expressed hope that the meeting of deputy foreign ministers scheduled for 5 and 6 October in Rio de Janeiro will consolidate the climate of general relaxation prevailing between the two countries after the undeclared war between 26 January and 28 February in an area of the common Amazon border that has no border markers.

The incidents were confirmed today by the Ecuadoran Defense Ministry, which reported that they took place in an Amazon zone that was not involved in the armed conflict at the beginning of the year.

"At 2215 (0315 GMT) on 20 September, the 'Etza Viejo' detachment was the target of mortar and rifle fire, which were repelled without causing any casualties

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on the Ecuadoran side," the Defense Ministry said in a communique.

"At 0815 (1315 GMT) on 21 September, there was a light exchange of rifle fire involving the same detachment," it added, and insisted that there were no casualties.

At 1200 (1700 GMT) on 20 September, in the Nuevo Rocafuerte district, "some incidents were reported when Peruvian military elements fired shots from their detachment in Yasuni at an airplane, without causing damage or casualties," the Defense Ministry added.

The military communique called this an "isolated" incident which, nevertheless, has been reported to MOMEP members to prevent it from being repeated.

The MOMEP comprises officers from Argentina, Brazil, Chile, and the United States, guarantor countries of the Ecuadoran-Peruvian peace process and of the 1942 treaty that established the borders between the two nations.

New Finance Minister Sworn In; President on Dismissal

PY2309005095 Quito Voz de los Andes in Spanish 2300 GMT 22 Sep 95

[FBIS Translated Text] Ecuadoran President Sixto Duran-Ballen this afternoon swore in economist Ivan Andrade as finance and credit minister to replace Mauricio Pinto Mancheno, who was censured and dismissed by Congress by means of an impeachment this week.

President Duran-Ballen disclosed that he had accepted Mauricio Pinto's resignation before the impeachment process.

Economist Ivan Andrade has been Finance Ministry under secretary since 11 April 1995.

During the swearing in ceremony of the new finance minister, President Duran-Ballen criticized the opposition, and particularly Congress, for impeaching the former finance minister:

[Begin Duran-Ballen recording] In sum, what was the reason for censuring Minister Pinto? One of the charges is based on an act that has still not been defined by the judicial branch, that is still being studied by the judicial branch, an act for which he has not been tried and regarding which the legislative branch, abrogating to itself powers it does not enjoy, has already made a decision, even while the relevant branch has still not done so.

The other reason has to do with something that, if the Ecuadoran people are aware of reality, we should all be aware existed; namely, the fiscal deficit. The war we waged, this undeclared war, was not something of the last century or of a past decade; it is something that happened this year. It is something that ended only seven months ago. Every citizen should be aware that this act represented a great effort for the country, an effort that, up to now, has been a matter of discussions rather than of solutions. It is a deficit the effects of which are afflicting the Ecuadoran people. However, the minister has just been censured because people do not agree with the reasons given at the corresponding moment. [end recording]

We have just heard what the president of the Republic said during the swearing in of the new finance and credit minister, who, as we have just mentioned, was Finance Ministry under secretary.

During his first contact with the media, Minister Andrade asked the legislators to speed up discussions regarding the 1996 state budget because it will apply not only to this government, but also the one to be elected by the Ecuadoran people next year.

Bankers: Dimissals of Minister To Harm Country's Image

PY2309010195 Madrid EFE in Spanish 1648 GMT 22 Sep 95

[FBIS Translated Text] Quito, 22 Sep (EFE) — Alvaro Guerrero, president of the Private Banks Association, today asserted that the dismissal of Ecuadoran Finance Minister Mauricio Pinto by Congress yesterday will damage the country's image abroad.

Guerrero, in statements to the media, criticized the fact that Congress has the power to dismiss ministers, and urged the Ecuadoran people to react because "no progress can be made when what has been achieved is destroyed."

Augusto de la Torre, general manager of the Central Bank of Ecuador, acknowledged that the censure and dismissal of the individual who, up to yesterday, had been the finance minister represents a negative impact for the country's economic program, but that it "will not derail."

De la Torre said: "The Central Bank manager's job is to inform the international community, the analysts of the international financial markets, about what is going on in the country, and it will be very hard for people abroad to understand that Ecuador has a tendency toward self-destruction."

He noted, however, that "this program has revealed a great capacity to absorb foreign aggressions, such as the

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undeclared war with Peru" early this year, and "internal political problems. Therefore, it is quite unlikely that the program will derail."

Ivan Andrade, acting finance minister following Pinto's dismissal and the person who may become future minister, asserted, according to the local media, that the dismissal "will by no means cause a change in the macroeconomic and fiscal goals" of conservative Sixto Duran-Ballen's government.

Pinto was dismissed by Congress on charges of "helping" a company belonging to his father-in-law evade taxes and of "concealing" the true income of the state's general budget.

The legislators also accused him of irregularities in the accounting of the budget surplus; of having "invented" a "nonexistent" fiscal deficit; and of having used, for the payment of the foreign debt, some $17.2 billion of the special taxes earmarked to cover the expenditures linked to the war with Peru.

Moreover, Carlos Solorzano, president of the Supreme Court of Justice, included Pinto in the case against Vice President Alberto Dahik, charged with alleged embezzlement of discretionary funds.

Paraguay

Wasmosy: Colorado Party Crisis 'Totally Overcome'

PY2209163995 Asuncion NOTICIAS in Spanish 22 Sep 95 pp 4, 5

[Interview with President Juan Carlos Wasmosy by unidentified reporters in Asuncion on 21 September]

[FBIS Translated Text] [Reporter] How does the situation within the ANR [National Republican Association] stand now?

[Wasmosy] I believe we overcame disagreements or conflictive measures today and now we are looking at free, clear, and democratic paths. Let the best, the person elected by the Colorado Party rank-and-file, be the winner.

[Reporter] Has the crisis been overcome?

[Wasmosy] It has been totally overcome.

[Reporter] Was it a unanimous decision?

[Wasmosy] Believe it or not, it was a unanimous decision.

[Reporter] What about the presence Colorado Party convention members?

[Wasmosy] They have heard of this meeting, just like you did, and they have entered. After the negotiations ended and the [Colorado Party electoral court] members were elected, the Colorado Party convention members joined us. At this house, I have never denied access to anyone.

[Reporter] How were the congressmen involved?

[Wasmosy] They came later. The Colorado Party presidential candidates were negotiated by the Colorado Party president, Miguel Angel Ramirez [an Ethical and Doctrinaire Movement leader], and I.

[Reporter] How do the court actions stand now?

[Wasmosy] They are totally out of place after an agreement has been achieved.

[Reporter] Was there proportional participation?

[Wasmosy] Absolutely. We have voted independently.

[Reporter] What system was used to elect the candidates?

[Wasmosy] Names were supplied by turns and votes were cast secretly.

[Reporter] Did you act as a mediator?

[Wasmosy] No, no. I left the election of this court in their hands. I, therefore, believe that, if they lose, none of them will claim that this court has been unfair.

[Reporter] The four candidates alone voted?

[Wasmosy] That's right.

[Reporter] Are you satisfied, Mr. President?

[Wasmosy] I am very satisfied.

[Reporter] Have some names been imposed?

[Wasmosy] I would not say that they have been imposed. If the heads of [Colorado Party] movements agree that the court candidates are respectable and honorable people with a long career within the Colorado Party, I don't believe the convention members will disagree.

[Reporter] Are you saying that the convention members alone will vote?

[Wasmosy] That's right.

[Reporter] Will the Colorado Party electoral court have a permanent status?

[Wasmosy] Yes, sir. It will be voted in this Convention and the Convention is sovereign.

[Reporter] Has the crisis been overcome, then?

[Wasmosy] Yes, I have already told you that it has been overcome.

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[Reporter] Is this agreement the end of this issue?

[Wasmosy] No, the court will continue to operate. It will also handle national problems. As you are aware, talks between the Colorado Party executive board and the Colorado Part congressional bloc have not been smooth.

[Reporter] What repercussions would the election of a ruling-party candidate have on the party? There are many people who are saying that you must decide...

[Wasmosy, interrupting] No. Let me tell you that now, after establishing clear rules on the election system and the court members, anyone with a calling to serve or willing to occupy that post is rightfully entitled to run.

[Reporter] Do they [not further specified] also want you to mediate between Blas N. Riquelme [a Democratic Nationalism faction leader] and [Colorado Integration Movement leader] Atilio R. Fernandez?

[Wasmosy] Pray a little and perhaps we will achieve an agreement.

[Reporter] Does this represent a precedent?

[Wasmosy] I believe this represents an example for other parties and for our citizens. The Colorado Party is again playing a key role in making changes and in leading the citizens.

More on 'Political Solution'

PY2209201995 Asuncion ABC COLOR in Spanish 22 Sep 95 p 3

[FBIS Translated Text] Colorado Party factions have finally found a political solution to the party crisis. The meeting at the presidential residence yesterday lasted more than four hours. Representatives of the largest factions, with the mediation of the president of the Republic and the president of the Colorado Party, reached a consensus on 10 candidates who will be nominated as members of the electoral court. The selection of electoral court members will be made official at the ordinary party convention tomorrow.

Court members will stay in their seats until 1998, that is, they will oversee the primaries to elect mayoral candidates and then a presidential candidate. The convention will have a single item on the agenda: The election of electoral court members. The delegates will later call a recess until after the election of new Colorado Party executive board members [in November]. The convention will then meet again to analyze other items that were supposed to be discussed tomorrow, such as current Colorado Party President Eugenio Sanabria Cantero's accounting, and details of the last three years of the executive board spending.

Faction leaders Luis Maria Argana, Angel Roberto Seifart, Blas N. Riquelme, and Atilio R. Fernandez, together with President Juan Carlos Wasmosy, presidential adviser Miguel Angel Ramirez, and Colorado President Eugenio Sanabria Cantero, said at the end of the meeting that the result of the two successive meetings was highly positive for party interests.

The Colorado Party leaders agreed that all those nominated as members of the electoral court to oversee the upcoming primaries were impartial.

President Wasmosy said the 10 nominees have the highest moral standards. The president added that the Colorado leaders elected the 10 nominees with entire freedom. He explained that the method they used was as follows: He read the names of the nominees while the four leaders wrote their votes on pieces of paper. "It was totally secret," the president said.

The numerous legal petitions presented mainly by Argana and Seifart followers will be left without effect. The legal representative of each movement will withdraw his movement's petitions this morning.

Argana followers were the last to present a petition to the court. Yesterday afternoon Marciano Torales submitted a note to the Supreme Court [not further explained].

Colorado Party President Eugenio Sanabria Cantero said the consensus reached among Colorado Party leaders to integrate the electoral court was a show of political maturity that reflects their conciliatory spirit. Sanabria Cantero said the agreement normalizes the institutional life of the party. The party has experienced very difficult times lately due to the number of legal petitions filed by the different factions and each movement's difference of criteria.

Sanabria Cantero's optimism was not shared by radical opposition leader Luis Maria Argana, who made quite clear that the negotiations merely sought to clean up the electoral process and nothing else.

Editorial Views Armed Forces Institutionalization

PY2009220795 Asuncion NOTICIAS in Spanish 17 Sep 95 p 20

[Editorial: "New Step Toward Institutionalization"]

[FBIS Translated Text] A law promulgated on 15 September suspends the affiliations of active duty military personnel. The measure is essentially symbolic because one cannot erase deeply rooted feelings or eliminate the effects of uninterrupted practices that have become a tradition during half a century of Paraguayan history with a stroke.

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However, it is a good starting point to strengthen the country's democratic process, which started in 1989. A vital point in this process is the definitive consolidation of our institutions after years of predominance by personalities and parties. Civilized and modern societies are characterized by institutions that are ruled by law and not the arbitrary will of individuals.

No one can doubt that the institutionalization of our Armed Forces is a must for our democracy. This means that the institution must limit its activities to the fulfillment of its specific role and must maintain a strict neutrality with respect to the politics of factions, as is recommended by universal doctrine. The word "party" derives from "part," and it is absolutely incompatible with the Armed Forces encompassing function and goal of becoming the armed branch of the people and their institutions.

The use of the power and resources that the nation, that is, all of us, places in the hands of the Armed Forces to favor one or another group gravely hurts society. But it is even worse when that power is used to favor the ambitions of a military chief, no matter how legitimate those ambitions might be. These types of situations deeply alter the Armed Forces institutional role and seriously hurt its national character.

Similarly, we cannot pretend to see the Armed Forces as a genuinely national institution, deserving a deep and unalterable collective respect, if it is ostensibly placed at the service of private interests. The people must see the Armed Forces as a permanent part of themselves, as a whole, and never as an organ equipped with forces that are used to impose the hegemony of one group over another.

Regrettably, this institutional role has not been fully understood yet. This is why the criteria that are part of one of the most negative aspects of our nationhood still prevail in our political traditions. This fact certainly does not contribute to strengthening and bolstering respect for the military institution, which the Armed Forces clearly deserve. On the contrary, this situation produces a sustained drop in respect and an increase in mistrust and suspicions.

The Armed Forces cannot permit, in any way, their being identified with a specific political faction, no matter how respectable it might be, because this fact will only create a feeling of distrust in the population that will be very difficult to erase. The reason is very simple: The population will see the Armed Forces only as a branch of that political party, and sometimes even as a branch of a specific group within a party, used by it to stay in power.

This association has already hurt the Armed Forces, and we cannot see how the institution will erase this impression, particularly when interested civilians tour the barracks trying to take advantage of the situation. These civilians are moved by their own exclusive interests and by profits, which are usually huge compared to the benefits that eventually reach, except for exceptional cases, the military officers used for the purpose. The new law is a step — a very significant one — in the right direction. We hope it will be understood and respected by the military, as well as by the civilians who try to manipulate the institution.

Venezuela

Kuwaiti Oil Minister Meets With Caldera, Arrieta

LD2209204195 Kuwait KUNA in Arabic 1658 GMT 22 Sep 95

[FBIS Translated Excerpt] Caracas, 22 Sep (KUNA) — Kuwaiti Oil Minister Dr. 'Abd-al-Muhsin Mid'aj al-Mid'aj said here today that he has been aware of great sympathy on the part of senior Venezuelan officials toward the Kuwaiti prisoners and detainees held in the Iraqi regime's prisons.

Venezuelan President Rodrigues Rafael Caldera received Dr. al- Mid'aj at the government house yesterday. Dr. al-Mid'aj conveyed two verbal messages from his highness, the amir of Kuwait and the heir apparent and prime minister, who expressed their extreme appreciation for the Venezuelan Government and people and their best wishes for progress and prosperity.

In an exclusive statement to KUNA, al-Mid'aj said that in his meeting with President Caldera the possibility of the Venezuelan Government's exercising pressure on the Iraqi regime to release the Kuwaiti prisoners and detainees from the Iraqi jails was discussed. [passage omitted]

Al-Mid'aj said that the possibility of developing bilateral relations between the two countries, particularly in the sphere of oil, was discussed during the meeting. He pointed out that President Caldera called for the need of coordination among the OPEC member countries and the oil exporting countries from outside OPEC through more dialogue, which could lead to the creation of understanding and cooperation between the two sides.

He said that discussions of this type result from the desire of the OPEC member countries that oil producing countries from outside OPEC observe OPEC's interests in the sphere of quotas in world demand. He pointed out that OPEC has maintained the production ceiling for preserving oil prices, which does not mean that oil

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producing countries from outside OPEC should seize the annual rate of increase in the world demand for oil.

Al-Mid'aj said that the results of the policy of oil exporting countries outside OPEC "in the field of gaining this rate of annual increase will deprive the OPEC countries of opportunities for an increase and this will consequently have repercussions on the mechanism of their national economies."

He said that this issue, which he discussed with President Caldera, is of concern to the OPEC states. He explained that the organization is trying hard to coordinate on this with the states outside OPEC in order to set out appropriate solutions satisfactory to both sides. [passage omitted]

Al-Mid'aj also met Mr. Arrieta, his Venezuelan counterpart. During their meeting, they discussed the possibility of coordinating by means of consultation with states outside OPEC to urge them to maintain prices and not to increase production.

Al-Mid'aj told KUNA that during his meeting with Mr. Arrieta, he sensed that "we will be able to cooperate in the area of the exchange of expertise, particularly in the oil industry." He said that he has discovered a similarity in the structure of the oil industry in Venezuela and Kuwait, regarding the composition of the existing oil establishments in the two countries. This would in practice facilitate the opportunities for amalgamation and mutual understanding in this field.

Concerning the meeting of the OPEC'S ministerial subcommittee for monitoring production and quotas, which will start its proceedings in the Venezuelan town of Puerto La Cruz the day after tomorrow, al-Mid'aj said that the committee's method of work depends on two bases, which were two types of report. The first of these built its information on the basis that their source was direct from the oil producing countries, and normally concerned minor infringements.

As for the second type of report, the committee relied on neutral sources, which were five in number and whose figures revealed vast infringements by some countries. He pointed out that "if we are convinced that these sources are objective and neutral, we admit the existence of these infringements, and we will present them in the form of a written report submitted to the OPEC meeting scheduled to be held in Vienna in November." [passage omitted]

May Ask OPEC For Increase in Daily Quota

LD2309153195 Kuwait KUNA in Arabic
1032 GMT 23 Sep 95

[FBIS Translated Excerpt] Caracas, 23 Sep (KUNA) — Kuwaiti Oil Minister Dr. 'Abd-al-Muhsin al-Mid'aj, estimated that the amount of investment which the private sector could contribute to the oil industry after 1997 could be as much as $10 million.

In a news conference held here yesterday and in the presence of Kuwait's ambassador, 'Abdallah Murad, Al-Mid'aj indicated that it is common knowledge that the level of investments in the petrochemical sector is very high and that this type of investment is widely preferred by the private sector.

He said that the Kuwaiti Petroleum Corporation [KPC] is planning to increase its oil production to three million barrels a day by the beginning of the next century and to around 3.5 million barrels a day by the year 2005.

Concerning the oil refining industry, Al-Mid'aj said: "We are planning to increase the volume of oil refined locally, that is, by refineries owned by Kuwait, from 800,000 barrels a day to around one million barrels a day by the year 2000." [passage omitted]

Regarding a possible request by Kuwait to increase the ceiling of its oil production, currently estimated at two million barrels a day, at the forthcoming OPEC meeting, Al-Mid'aj indicated that Kuwait will respect any agreement on production ceilings. "But if OPEC decides, however, to introduce a new production ceiling, Kuwait will request that its daily quota should be increased by 200,000 barrels, that is, to 2.2 million barrels a day," he insisted. [passage omitted]

Al-Mid'aj went on to talk about oil prices within OPEC's basket, saying: "We are trying through OPEC to increase the price of a barrel to $21, which is a fair price to producer and consumer countries alike."

He pointed out, however, that "a fall in oil prices will not be caused by an OPEC member country exceeding its quota but by lack of discipline of countries outside OPEC. Hence, an increase in their share of the oil market will bring about a fall in prices."

On 'Large' Infringements of Oil Quotas

LD2509093295 Kuwait KUNA in Arabic
0615 GMT 25 Sep 95

[FBIS Translated Excerpt] Puerto La Cruz, 25 Sep — 'Abd al-Muhsin al—Mid'aj, the Kuwaiti oil minister, has revealed that infringements to the quotas allocated to OPEC members amounted to about "half a million barrels per day."

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Al-Mid'aj said in an exclusive statement to KUNA at the end here last night of the meeting of the ministerial subcommittee for monitoring production and OPEC quotas that "on the basis of what we have received from the "secondary" sources of production, whose figures relied on objective and reliable reports, we confirm these infringements, which are large." Al-Mid'aj, who also occupies the post of chairman of the committee, added that: Under these circumstances, OPEC is attempting to urge the members of the organization to adhere to their quotas in order to preserve the organization's interests in particular, and to maintain the stability of the oil market in general.

The "committee for monitoring production and quotas" had held its meeting under the chairmanship of minister al-Mid'aj to discuss the member-countries' levels of productions over the past months. [passage omitted]

Minister Denies Saying OPEC Production Quotas To Increase

PA2309194095 Caracas Venezolana de Television Network in Spanish 0200 GMT 23 Sep 95

[Report by Pedro Prado; from "The News" newscast]

[FBIS Translated Text] Regarding information released by some news media that did not grasp the real meaning of his statements, Energy and Mines Minister Erwin Arrieta explained that, as OPEC president, he did not say that the OPEC production quotas will increase. Arrieta pointed out that the agenda for the upcoming meeting in Vienna has not even been determined yet. Therefore, he regretted the misunderstanding that led to a drop of 0.27 U.S. cents in the price of national crude oil.

[Begin Arrieta recording] Neither have we asked OPEC to [word indistinct], nor have we considered asking the OPEC conference to raise quotas. At the meeting, we ministers will study the secretary's report, which we requested at the last conference. Consequently, we will design our own strategy. Therefore, I am clarifying the headlines that were published, which I am sure were not ill-intentioned. We must be careful because of the market's volatility and instability. These actions have an impact on the market and create psychological repercussions affecting prices. [end recording]

It is clear that Venezuela is a nation that essentially depends on petroleum and receives information on everyday events in the crude oil's world. People know very well that the reduction of petroleum prices results from a market that is saturated with production and depressed in demand.

Matos on Devaluation, Campaign Against Him

PA2209172195 Caracas Venezolana de Television Network in Spanish 0200 GMT 19 Sep 95

[Reports by Rosa Gonzalez and Hector Mateus; from "The News" newscast]

[FBIS Translated Text] [Announcer] Finance Minister Luis Raul Matos Azocar ruled out a possible devaluation of the currency. He also said there is a fierce campaign against him to damage his reputation and question his honesty.

[Gonzalez] When asked about the investigations in the case of the fruit importing company Semarys, Matos Azocar said that the Comptroller General's Office, the Congress, the Prosecutor General's Office and the Office of the Anticorruption Presidential Commissioner have the corresponding records to facilitate the analysis of this much talked-about process.

[Begin Matos Azocar recording] No one can prove that I authorized or overruled the fine. What more evidence is necessary? A minister makes decisions based on the presentation of accounts. There is no document showing that Raul Matos authorized making those decisions. [end recording]

[Gonzalez] Minister Matos Azocar said that he has asked the PTJ [Judicial Technical Police] and the Interior Ministry to conduct an investigation on DEX [expansion unknown] officials accused of exchange-related crimes.

[Announcer] After reiterating his innocence in the case of the Semarys importing company, Minister Matos Azocar now has the total support of the Movement Toward Socialism [MAS], which has said that there is no evidence or documents implicating Minister Matos Azocar in this case.

[Mateus] MAS Secretary General Leopoldo Puchi commented on the charges against Minister Matos Azocar for allegedly granting dollars to Semarys. Puchi said that the Executive Branch already fired the responsible ones and that the case is in the hands of Anticorruption Presidential Commissioner Adelso Gonzalez Urdaneta:

[Begin Puchi recording] We do not automatically give our solidarity to any government official; we have demonstrated this for a long time. We think that at present there is no evidence linking Matos Azocar, and for this reason we are behind him. [end recording]

[Mateus] As for the Congress' request for a censure vote against [Interior] Minister Escovar Salom, Puchi stated that his party will not vote for this proposal.

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On Restructuring Foreign Debt

PA2309194295 Caracas Venezolana de Television Network in Spanish 1550 GMT 20 Sep 95

[From "The News" newscast]

[FBIS Translated Text] Finance Minister Luis Raul Matos Azocar will present tomorrow a program to restructure the foreign debt via bonds backed by oil revenues following the World Bank's approval, Matos Azocar stressed during a meeting held with representatives of the CTV [Venezuelan Workers Confederation]. At the meeting, Matos Azocar explained that this program does not entail any legal problems and will not affect Venezuela's relations with OPEC since an increase in the national production of crude is expected due to an increase in demand in the coming years.

Concerning an increase in the trade of Brady bonds, which amounted to $58 million in the Caracas stock market on 19 September, Matos Azocar emphasized that this constitutes a favorable situation for Venezuela and not a paralyzation in the sale of foreign exchange by the Exchange Administration Board.

[Begin Matos Azocar recording] There is a strong interest in the exchange rate with regard to the Brady bonds. However, people tend to overlook the most important aspect, which is that as the demand and the price of Brady bonds increase in the country, the value of our assets also increases abroad. [end recording]

Matos, BCV President Confirm No Devaluation

PA2309195895 Caracas Venezolana de Television Network in Spanish 1545 GMT 21 Sep 95

[From "The News" newscast]

[FBIS Translated Text] Finance Minister Luis Raul Matos Azocar and Antonio Casas Gonzales, president of the Central Bank of Venezuela [BCV], have confirmed their position regarding foreign exchange controls: the national currency will not be devalued.

Matos Azocar remarked that the exchange rate will remain the same until the end of the year so as to prevent any increase in the inflation level. He also stressed that people are speculating regarding adjustments on the assignment of foreign exchange, a situation that probably triggered the recent wave of rumors about a devaluation.

[Begin Matos Azocar recording] There was pressure from the economic sectors that benefit from this decision; however, the government's position has always been that the current exchange rate should be maintained. The government has never proposed any decision regarding an increase or a decrease in the exchange rate. [end recording]

Meanwhile, Casas Gonzalez denied the possibility that the BCV is exerting any pressure to devalue the bolivar. He suggested, however, that international reserves be used more equitably.

[Begin recording] [Casas Gonzalez] A devaluation could take place at any moment, but at this time, it is not....

[Unidentified reporter, interrupting] Has it not been considered?

[Casas Gonzalez] It is always considered, constantly, and I have said this quite often. [end recording]

Matos To Present Economic Restructuring Agenda to IMF

PA2309190795 Caracas Venezolana de Television Network in Spanish 0200 GMT 23 Sep 95

[Report by Zayda Pereira; from "The News" newscast]

[FBIS Translated Text] Within the next few days, Venezuela will present before international organizations an alternate agenda containing gradual adjustments and structural changes to the economy.

For this purpose, Finance Minister Luis Raul Matos Azocar will travel to Washington on Tuesday and will meet with IMF President Michel Camdessus. The cooperation framework includes a program to restructure the financial system for about $1 to $1.5 billion, which will be granted by the World Bank under IMF coordination. The agenda will focus on maintaining a balance between political, economic, and social issues.

Finance Minister Luis Raul Matos Azocar said the following;

[Begin Matos recording] Our agenda will also seek a financial support program similar to that implemented by Argentina and Mexico so as to continue strengthening stabilization and transformation in the country's financial sector. [end recording]

Venezuela's agenda establishes the dismantling of foreign exchange control. In 1995, a subsequent control would be established, and in 1996 only the control on capital would be maintained.

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